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UN HIGH COMMISSIONER FOR REFUGEES VISITS PRC

## Meets Zhao Ziyang

OW111424 Beijing XINHUA in English 1405 GMT 11 Sep 86

[Text] Beijing, September 11 (XINHUA) -- Chinese Premier Zhao Ziyang today called for finding a lasting solution to the refugee problem. During a meeting with Jean-Pierre Hocke, United Nations high commissioner for refugees, Zhao said that essential to such a solution is to eliminate the political aspect of the root cause for the refugee problem. Zhao said the refugee problem is a long-term one and cannot be solved within a short period.

That problem has existed in Indo- China, Afghanistan, the Middle-East and southern Africa for many years, he said, adding that their numbers there are increasing instead of decreasing. He said quite a number of refugee problems have resulted from political problems, as in the case of the above-mentioned places.

Zhao noted that unless the political roots are eliminated the refugee problem cannot be solved. He said he hoped that the U.N. High Commissioner's Office for Refugees will, on the one hand, mobilize international community to support the resettlement of refugees and, on the other, mobilize them to exert pressure on those countries that have created the above-mentioned refugees.

He also said he hoped the high commissioner's office will do its best to call on international community to support Thailand, Pakistan and countries in the Middle East and Africa that have received a large number of refugees so as to reduce economic difficulties of these countries caused by refugee problem.

Zhao expressed satisfaction with the cooperation between China and the high commissioner's office and his appreciation of its resettlement work.

He said China attaches importance to maintaining and expanding its ties with the commissioner's office and supports its efforts for seeking a lasting solution to refugee problem.

Hocke said he appreciated the Chinese Government's endeavor of trying its best to raise funds and resettle refugees on its own initiative.

He described as "unique" the cooperation between his office and China over the last few years, adding that he hoped the two sides will try their best to seek a fundamental solution to refugee problem.

Hocke is here on a four-day visit to China at the invitation of the Chinese Foreign Ministry.

## Holds Press Conference

OW121002 Beijing XINHUA in English 0934 GMT 12 Sep 86

[Text] Beijing, September 12 (XINHUA) -- Visiting United Nations High Commissioner for Refugees [UNHCR] Jean-Pierre Hocke today spoke highly of China's efforts to settle large numbers of refugees at a press conference here today.



Hocke said since 1978 China has acted as host to over 280,000 Indochinese refugees who are, for the most part, settled in 196 state farms and municipalities in five of China's southern provinces. The size of the Indochinese refugee population settled here makes China the second largest resettlement country for Indochinese refugees in the world, he said.

Hocke said that the great majority of the refugees have settled down well in China and have eagerly seized the opportunity to build new lives, adding that they are now engaged in production of forestry, agriculture, fisheries and local industry. To date, he said, the Chinese Government has spent approximately 600 million U.S. dollars in financial assistance and the World Food Programme 42.9 million U.S. dollars from its own resources on the local settlement programme, while UNHCR has provided 55 million U.S. dollars in food aid.

Hocke said UNHCR agreed last year to provide a further 12 million U.S. dollars for assistance to refugees in China over the three year period 1986-1988. The primary emphasis of this assistance is on the achievement of self-sufficiency through education and vocational training. He also praised China for its financial and moral support in dealing with refugee problems in other parts of the world.

#### WU XUEQIAN LEAVES BEIJING FOR UN SESSION

Departs 15 Sep

OW151120 Beijing XINHUA in English 1053 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- Wu Xueqian, state councillor and foreign minister, left here today for New York as the head of a Chinese delegation to attend the 41st session of the United Nations General Assembly and its special session on the question of Namibia.

Meets UN Under Secretary

OW131136 Beijing XINHUA in English 1131 GMT 13 Sep 86

[Text] Beijing, September 13 (XINHUA) -- Chinese State Councillor and Foreign Minister Wy Xueqian met here today Jan Martenson, under secretary general for disarmament affairs of the United Nations.

Martenson has talked with the Chinese Foreign Ministry on holding a meeting of the UN world disarmament campaign in China next year.

#### XINHUA 'ANALYSIS' OF HEAVY UN ASSEMBLY AGENDA

OW131537 Beijing XINHUA in English 1343 GMT 13 Sep 86

["News Analysis: Heavy Agenda Awaits U.N. General Assembly -- (by Xu Linxing)" -- XINHUA headline]

[Text] United Nations, September 12 (XINHUA) -- The United Nations General Assembly will hold a special four-day session on Namibia after the opening of its 41st session.

The special session is designed not only to save U.N. expenditures, but also to show the body's concern at the repeated delay of the settlement of the Namibian question. Other issues high on the agenda of the session, starting September 16, are South Africa, Kampuchea, Afghanistan, the Middle East, Central America, world disarmament, international economic cooperation and the U.N. financial crisis.

It is expected that many countries will express opposition to the continued illegal occupation of Namibia by South Africa and to its insistence on the withdrawal of Cuban forces from Angola as a precondition to Namibian independence.

Demand for strengthening economic sanctions against South Africa and the complete destruction of the apartheid system will be stronger than ever at the U.N. forum this year in the light of the killings of 200 people and the arrests of more than 2,000 by Pretoria in the past three months under the state of emergency.

The Kampuchean resistance forces have gained considerable international sympathy for their eight-year-long struggle. The eight-point proposal for a political settlement of the Kampuchean question proposed by the Coalition Government of Democratic Kampuchea in March, this year, is expected to win support from many U.N. members, while Vietnam's refusal to implement U.N. resolutions calling for the withdrawal of its troops from Kampuchea will draw more condemnation.

Under tenacious resistance from Afghan guerrillas and strong international pressure, the Soviet Union has proposed a symbolic withdrawal of six regiments from that country. The 41st U.N. session is expected to urge the Soviet Union, which has occupied Afghanistan since 1979, to completely withdraw its troops and put an immediate end to its armed intervention in the country.

Israel's aggressive policy in the Middle East will draw the ire of many U.N. countries. Unfortunately, the Arab countries and the Palestine Liberation Organization themselves differ over tactics, making their struggle very difficult. Representatives from most countries will reiterate their support for the struggle of the Arab and Palestinian people at the forthcoming session.

The session is not expected to reach any agreement on the Central American problems since the Contadora Group's peace efforts have stalled. Nevertheless, the recent U.S. decision to provide 100 million U.S. dollars in aid to the Nicaraguan rebels in an effort to overthrow its legal government will undoubtedly be opposed by a majority of the U.N. members.

In the area of disarmament, there is still a yawning gap between the Soviet Union and the United States, despite some recent overtures by the former. Each country's basic objective, however, remains to attain military superiority over the other. The dissatisfaction of the Third World countries at the two superpowers' lack of sincerity in disarmament will be reflected at the session.

In the sphere of international economy, the developed countries, particularly the United States, taking advantage of temporary successes in their economies are likely to refuse to negotiate seriously with the developing countries on major world economic problems and to make necessary concessions. Indeed, they are urging the developing countries to adjust their economic policies to sustain the present world economic order.

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It is expected that the Third World countries, including China, will stress the necessity for the developing countries to adjust their economy according to their own national conditions. They will argue that the international community has the responsibility to create a favorable environment for the economic adjustment. They will also point out that the rising economic gap between the North and South is unfavorable not only to the development of the world economy, but also to the maintenance of world peace.

The financial crisis of the United Nations will also be a major issue before the session. Owing to the delay or refusal by some member states to pay up their membership dues, U.N. officials said, the financial crisis is so severe that it challenged "the solvency and viability" of the world organization.

The session will not only urge all member states to promptly and completely meet their financial obligations, but will also consider belt-tightening suggestions by a high-level intergovernmental expert group, including cutting of meetings, documents, employees and departments to reduce expenditures. The unilateral U.S. decision to reduce its share and the U.S. proposal for "weighted voting" for gaining control of the international organization will undoubtedly be opposed by a majority of the U.N. members.

#### PRC, U.S. PLEDGE AID TO CAMBODIAN REFUGEES

OW120852 Beijing XINHUA in English 0655 GMT 12 Sep 86

[Text] United Nations, September 11 (XINHUA) -- Seven countries including China, Indonesia, Malaysia and the United States pledged to provide nearly two million U.S. dollars for assistance to the Kampuchean refugees at a U.N. meeting of Kampuchean humanitarian relief donors held here today.

Ambassador Liang Yufan, deputy permanent representative of China to the United Nations, said at the meeting that the Chinese Government had decided to pledge a sum of 50,000 U.S. dollars to the United Nations Border Relief Operation (UNBRO) to be used for assistance to the Kampuchean refugees inside Thailand.

The refugee problem created by Vietnam's policy of aggression and expansion, he continued, had brought "heavy burdens" to Thailand. "Only when Vietnam gives up its policy of regional hegemonism and withdraws its troops from Kampuchea and a political settlement is achieved for the Kampuchean question, can there be a complete solution of the problem of Kampuchean refugees," he added.

Laxanachantorn Laohaphan, representative from Thailand, thanked the donor countries for their concern and support. She said that her government regretted the outright rejection by the Vietnamese authorities of the eight-point proposal for a peaceful solution of the Kampuchean issue put forth by the Coalition Government of Democratic Kampuchea on March 17th of this year. She noted that the problem of the Kampuchean refugees remains serious, with a quarter of a million refugees needing assistance.

#### DELEGATION ARRIVES IN URUGUAY FOR GATT MEETING

OW140940 Beijing XINHUA in English 0649 GMT 14 Sep 86

[Text] Punta Del Este, Uruguay, September 13 (XINHUA) -- A Chinese delegation arrived here this evening to attend the ministerial meeting of the General Agreement on Tariffs and Trade (GATT).



The eight-member delegation is led by Shen Jueren, assistant minister of foreign economic relations and trade of China. Shen told XINHUA on arrival that the GATT ministerial meeting in Punta Del Este, Uruguay, is important for improving world trade. "China will take an active part in it and we hope that the conference will come to a successful conclusion." The meeting is scheduled to open next Monday and will launch a new round of multilateral trade negotiations. GATT's 92 member states are expected to take part in the negotiations.

China, one of the founders of GATT, has applied to GATT for the restoration of its contracting party status in the organization, which gave a positive response last July. China has been attending GATT meetings as observer since 1982.

#### XINHUA COMMENTS ON NEW ROUND OF GATT TALKS

OW130622 Beijing XINHUA in English 0555 GMT 13 Sep 86

["A Long Road Ahead: GATT Begins its Eighth Round of World Trade Talks by Yang Yuanhua" -- XINHUA headline]

[Text] Beijing, September 13 (XINHUA) -- Trade ministers or representatives from 92 member countries of the General Agreement on Tariffs and Trade (GATT) will converge on Punta Del Este, Uruguay next Monday to discuss world trade and launch a new round of multilateral trade negotiations.

This new round of world trade talks is an important event in international economics and trade that not only concerns South-North relations and North-North relations, but also will have far-reaching effects on the future of the world trading system. As a result, the world's eyes are trained on Punta Del Este. GATT's objective is to promote living standards and world economic growth through an orderly expansion and liberalization of trade, with emphasis on dismantling tariffs or customs duties. There have been seven rounds of GATT negotiations since the GATT was put into effect in 1948, the last two being the 1963-1967 "Kennedy Round" and the 1973-1979 "Tokyo Round". The Kennedy Round reduced average industrial tariffs by 35 percent while the Tokyo Round extended trade liberalization to sectors like export subsidization and government procurement policies, and further reduced tariffs by 23-35 percent.

The forthcoming eighth round will be the biggest since 1948. Some 30 subjects have already been identified as possible agenda items, including implementation of a policy forbidding new trade barriers and the removing of existing ones, special treatment for developing countries, agricultural trade and tropical products. Among the most pressing issues is the rising tide of protectionism. The GATT ministerial meeting will also examine the establishment of equitable rules to govern areas of international trade not presently covered under the GATT, such as the service industries of banking, insurance and shipping. With the disparity in the levels of economic development and differences between trade patterns, individual GATT member nations will be seeking widely differing goals in the multilateral trade negotiations.

Following seven months of discussion, the preparatory committee established at the GATT session last November to lay the groundwork for eighth round ended negotiations July 31 on the Punta Del Este agenda without having agreed on any recommendations or a single document setting out the terms of the negotiation. The fractious nature of the preparatory committee ran against GATT's traditionally preferred way of doing business through consensus. Instead of the usual single document, three have been forwarded to the ministers in Punta Del Este.

Developing countries are demanding that the new round focus on reversing the protectionist trend and ensuring that the existing rules are respected by all countries. Faced with sinking trade due to rising protectionism and subsidization policies of the developed nations, the Third World is insisting that the eighth round improve its terms of trade.

The value of world trade increased by 1 percent in 1985 with exports amounting to 1.8 trillion U.S. dollars and imports 1.9 trillion dollars, lower than in the peak years of 1980 and 1981, the International Monetary Fund said in July. This slight increase in overall world trade masks the worsening trade situation among the developing countries.

The big increase was in trade of the United States and 19 other industrialized nations, which boosted their imports by 52 billion dollars, almost to the 1980 peak, and their exports by 43 billion dollars to a new record, the IMF said.

At the same time, 103 developing countries watched their exports drop by 5.5 percent and imports take a 6-5 percent dive. The developing countries, facing grim prospects due to low commodity prices, mounting debt and restricted access to Western markets, are urging industrialized nations to display the will to liberalize the trade system that has led to restrictive and discriminatory treatment of the developing countries.

Ten developing countries, led by India and Colombia, offered a draft document at the preparatory meeting calling for the new round to discuss only trade in goods, and not to touch the service trade for fear that their own fledgling service sectors would be swallowed by the big Western multinational corporations. But industrialized countries, led by the U.S., insisted that the trade in services be part of the new round.

After intense negotiation, 48 member countries including the United States agreed to a Swiss-Colombian draft that contains concessions to the Third World. Among these are references to special treatment for the products of Third World countries and elimination of trade barriers by industrialized countries. The draft puts service trade and other controversial issues in brackets, i.e., they will be left to the GATT ministerial meeting to solve. Argentina put forward a third document in a move to bridge the gap between the developed and developing nations.

Agricultural trade is expected to be another critical issue at the ministerial meeting. Fourteen agricultural countries led by Australia and Argentina accused the U.S. and the European Community of breaking GATT rules by subsidizing farm sales, and wanted the issue of farm subsidies to be added to the agenda. The EC rejected agricultural concessions on the ground that elimination of farm subsidies could jeopardize the community's common agricultural policy.

It still remains unclear whether the new round of multilateral trade negotiations will succeed in heading off protectionism and broadening markets. Difficulties are apparent for a 92-nation group to reach unanimity on these critical issues though most of them do not like to see the world trading system collapse. If genuine improvements are not made, there is great risk that the world trading system will erode further. Faced with such a complex task, the multilateral trade negotiations will most probably be a drawn-out process.



DENG XIAOPING ON DOMESTIC POLICY IN CBS INTERVIEW

OW141105 Beijing XINHUA Domestic Service in Chinese 0646 GMT 14 Sep 86

[Text] Beijing, 14 Sep (XINHUA) -- Deng Xiaoping, chairman of the Central Advisory Commission of the CPC, talked about the domestic situation in China in a TV interview with Mike Wallace, correspondent of the CBS News of the United States on 2 September. The following are the main points of this portion of the talk.

Wallace: China said that it needs investments from the West to develop its modernization program and economy. However, Western investors now complain about difficulties in doing business with China. There are some problems such as excessively high rents, endless bickering over contracts, too many taxes, high labor costs, corruption, and bribery. There is also bureaucracy. Do you know about these things?

Deng: I understand. These phenomena do occur. This is a new situation for us, and some mistakes are unavoidable. We are working to change the present state of affairs. I do understand the complaints of foreign investors. Who would come here and invest without getting returns on his investment? No one would do that. We are taking effective measures to solve these problems. However, we can only gradually solve these problems. Our Premier Zhao shared his thoughts with some foreign businessmen in their discussions not long ago. It was understood that foreign investors were interested in this area. I believe that the problems pointed out by foreign businessmen can be gradually solved. However, when these problems are resolved, new problems will arise and they, too, should be solved. As leaders, it is necessary for us to get a clear picture of the problems and adopt effective measures to solve them. There is also the question of educating cadres.

Wallace: At present the leadership in China puts forward the slogan that it is glorious to become rich. Many people in capitalist countries are surprised by this slogan. What is the relationship between this slogan and communism?

Deng: We have gone through the "Cultural Revolution." With regard to communism, there was the view during the "Cultural Revolution" that poor communism is preferable to rich capitalism. After I resumed office in the central leadership in 1974 and 1975, I criticized that view. It was because of my criticism of this view that I was once again ousted. Naturally, there were also other reasons. At that time, I mainly told them that there was no poor communism. According to the Marxist point of view, the material wealth in a communist society is enormous, because only by attaining enormous material wealth is it possible for us to adhere to the principle of communist society: From each according to his ability, to each according to his needs. Socialism is the first stage of communism. Naturally, socialism will take up an extremely long time in history. The main task in the socialist stage is to create material conditions for the advent of a communist society. So the main task of socialism is to develop productive forces, to steadily improve the life of the people, and to keep increasing the material wealth of society. Therefore, there can be no communism with pauperism or socialism with pauperism. To "get rich" is no sin. However, what we mean by getting rich is different from what you mean. Wealth in a socialist society belongs to the whole people. To get rich in a socialist society means prosperity for the entire people. The principles of socialism are: First, development of production, and second, common prosperity. Our policy permits some people and some localities to become prosperous first so as to achieve common prosperity at a faster speed.

As the latter principle calls for eventual achievement of common prosperity, it will not lead to polarization, with the rich getting richer and richer and the poor becoming poorer and poorer. To be frank, our policy will not give rise to the emergence of a new bourgeoisie. Under our socialist system, it is very difficult for people to become millionaires.

Wallace: In the Zhujiang Delta in Guangdong Province, I have seen that peasants are now leading a good life. They have motorcycles, color televisions, and new houses they have built themselves. You have adopted measures to encourage them to get rich. They deliver part of their income to the state and keep the rest for themselves. This system does not differ much from ours; our people keep the rest of the income for themselves after paying their respective taxes.

Deng: How rich are they when compared with you Americans? Even the much-praised rural families that have raised their annual incomes to 10,000 yuan make only \$2,000 to \$3,000 per year. Can they be considered rich? We may be considered rich, but when compared with the national income of developed countries, our income is still very low.

Wallace: Chairman Deng, you have just talked about the "Great Cultural Revolution." What happened to you and your family during that time?

Deng: It seemed to be a bad thing, but in the final analysis, it was also a good thing, because it made people think and know where our defects were. Chairman Mao often used to say that bad things could be transformed into good things. We were good at summing up the experience of the "Great Cultural Revolution" and setting forth some reform measures to transform our appearance politically and economically. Thus bad things were transformed into good things. The reason why at the end of the 1970's and in the 1980's we were able to set forth the current series of policies was that we had summed up the experience and lessons of the "Great Cultural Revolution."

Wallace: Until now I have never seen your pictures hung in any public places in China. Why?

Deng: We do not advocate such practice. An individual is a member of a collective. Nothing can be accomplished by an individual in isolation from others. Therefore, as far as I am concerned, I have rejected offers to write my biography. Over the years, I have done quite a few good things, but I have done some wrong things too. Before the "Great Cultural Revolution," we committed such mistakes as the "great leap forward." Of course, I was not the chief architect, but I did not oppose it either. That means that I had a share in that mistake. If a biography is written, both good and bad things one has done, including one's mistakes, should be included. So it's better not to write one.

Wallace: Everyone would like to ask this question: Deng Xiaoping has done well in the past few years, and China's modernization has been going well too; China's economy has developed and the people have fewer worries, but what will the situation be after Deng? Will it turn back?

Deng: For sure, there will be no turning back. When one tries to find out whether the existing policy is here to stay, he should first examine whether the policy is correct, whether the policy is right for the country and the people, and whether the life of the people is gradually improving under the policy. I believe that the people have discerning eyes. If the present policy is altered, the standard of living of the people will definitely go down.

So long as the people think the existing policy is correct, whoever wants to change it will be brought down.

Wallace: Ten years have passed since Mao Zedong died. What would he think about some of the things that are happening in China right now? The present leaders believe that it is glorious to become rich and advocate individual well-being. They permit individuals to run enterprises and are preparing for political reform. The people are enjoying freedom of speech. All this is different from what Mao Zedong stood for. What would Mao Zedong think of it?

Deng: There are differences. However, there are similarities as far as certain principles are concerned. At present, Mao Zedong thought is still our guiding ideology. We have adopted the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China" which provides answers to these questions.

Wallace: However, I am still not so clear in my mind. China under the leadership of Deng Xiaoping is different from China under the leadership of Mao Zedong. It seems that China is undergoing a new revolution. At least, it is trying to make a new revolution.

Deng: You are right. What we are doing now is in essence a revolution. In another sense, we are engaged in an experiment. For us, it is something new, and we have to grope around to find our way. Errors are bound to occur as this is a revolution and is completely new. Our method is to sum up experience from time to time and correct mistakes whenever they are discovered, so that small mistakes will not grow into big ones.

Wallace: Here is the last question. You are China's No 1 leader. How long do you expect to stay on your job as the nation's principal leader and adviser?

Deng: I am for the abolition of life tenure and the institution of a retirement system. As you also know, when I talked with Fallaci (an Italian reporter), I said it would be all right if I could work until 1985. Now, I have already worked 1 year past 1985. At present, I am thinking about when I should retire. Personally, I would like to retire early. However, it is very hard to persuade the party's rank and file and the people to accept all this. I believe that if I retire when I am still around, it would be good for the continuation of the existing policy. This also conforms with the conviction I have always cherished. In this regard, I still have to do a great deal of persuasion. In the end, as I am a member of the Communist Party, I must obey the decision of the party. I am a citizen of the People's Republic of China, so I must obey the will of the people. I still hope that I will be able to persuade the people to let me retire.

Wallace: You told Fallaci before that you were ready to retire in 1985. What would you like to tell Wallace?

Deng: To be quite frank, I am persuading our people to let me retire at the party's 13th National Congress next year, but so far, what I have heard are dissenting voices all around me.



PRC WORRIES ABOUT U.S. RESTRICTIONS, TRADE

HK150655 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0923 GMT 14 Sep 86

[Report by Yang Zhifeng: "Sino-U.S. Trade Must Be Expanded Without Delay"]

[Text] Beijing, 14 Sep (ZHONGGUO XINWEN SHE) -- Before the mid-term Congress elections in the United States, the Chinese people are worried about the prospects of trade between the two countries.

Han Xu, Chinese ambassador to the United States, delivered a letter to the U.S. Congress, saying that if the United States tightens its restrictions on imports of Chinese goods, China will reduce imports from the United States for lack of foreign exchange.

Because the U.S. trade deficit continued to increase this year, protectionism may become a main factor affecting the results of the Congress mid-term election. Mr Han Xu obviously wanted to remind the United States that protectionism will be harmful.

Last year, the trade volume between China and the United States was \$8 billion, which merely accounted for 0.13 percent of the United States' total foreign trade. The figure in the first half of this year was \$4.172 billion, or 15 percent higher than that in the same period of last year.

However, this growth was far from enough for many American entrepreneurs. In May of this year, U.S. Secretary of the Treasury James Baker visited Beijing and Chinese Vice Premier Yao Yilin visited the United States. In early June, more than 70 American entrepreneurs and more than 200 Chinese entrepreneurs held talks on Sino-U.S. trade in Beijing. All these activities served the same purpose, that is, to rapidly expand Sino-U.S. trade.

Some American businessmen said that to enter the Chinese markets, they are trying "to solve by all possible means" problems which cannot be solved for a long time, but no marked results have been achieved in this regard. China was \$1.77 billion, or merely 7 percent greater than that in the same period of last year.

In fact, the Americans themselves have held back the advance of their business with China. The United States always tries to tighten restrictions on the import of Chinese textiles. The U.S. Department of Commerce announced in early July that it judges that the welding-seamed carbon steel tubes and candles are sold at "prices lower than fair prices" to the United States.

These actions have directly affected the entry of Chinese goods into the American market. As a result, it is hard for China to increase imports from the United States. China is a newcomer on the American market, and she only holds a very small share of the market. However, she is subject to the same restrictions as South Korea, Taiwan, Hong Kong, and other regions and countries in the Asia-Pacific region. This is not fair.

Undoubtedly, rapid expansion of Sino-American trade is in the interests of both sides. However, if the Americans want to enter the Chinese market but at the same time try to close their own markets to China, we are afraid that there will not be satisfactory results for either side.

HUANG HUA MEETS VISITING U.S. LEGISLATORS

OW131248 Beijing XINHUA in English 1224 GMT 13 Sep 86

[Text] Beijing, September 13 (XINHUA) -- Huang Hua, vice-chairman of China's National People's Congress Standing Committee, met here today Stan Turley and James J. Sossaman, Senate speaker and House speaker of the State Legislature of Arizona of the United States.

The two speakers arrived here Thursday at the invitation of the Chinese People's Institute of Foreign Affairs.

HUANG ZHEN FETES U.S. AMITY DELEGATION 13 SEP

OW131638 Beijing XINHUA in English 1513 GMT 13 Sep 86

[Text] Beijing, September 13 (XINHUA) -- Member of the Standing Committee of the Central Advisory Commission and President of the China-U.S. People's Friendship Association Huang Zhen met and feted a delegation of local leaders of the U.S.-China People's Friendship Association here this evening. The delegation was led by Elise Jourdan.

SACKLER FOUNDATION DELEGATION VISITS BEIJING

## Meets Hu Yaobang

OW120748 Beijing XINHUA in English 0711 GMT 12 Sep 86

[Text] Beijing, September 12 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, met here today a delegation from the Sackler Foundation of the United States led by Dr. Arthur Sackler. Hu praised Sackler for his efforts to cooperate with China in the fields of medical care, culture and education.

Zhang Jingfu, state councillor and chairman of the China Association for International Exchange of Personnel (CAIEP), was present on the occasion. The U.S. visitors came here as guests of the CAIEP.

## Meets Zhang Jingfu

OW111426 Beijing XINHUA in English 1413 GMT 11 Sep 86

[Text] Beijing, September 11 (XINHUA) -- Zhang Jingfu, Chinese state councillor and president of the China Association for International Exchange of Personnel, met Arthur Sackler, founder of the United States Sackler Foundation, and his wife Mrs. Gillian Sackler, current president of the foundation, here today,.

After the meeting, Tang Aoqing, vice-president of the China Association, and Mrs. Sackler signed a letter of intent between the AMS Foundation for the Arts, Sciences and Humanities of the United States and the China Association for International Exchange of Personnel.

The letter says the two sides will conduct technological exchange in pharmacology, development of new medicines, medical and health work and biotechnology and cooperate in training personnel and running joint ventures of medicines.



XINHUA ANALYZES MURPHY'S MIDEAST TOUR, GOALS

OW120543 Beijing XINHUA in English 1822 GMT 11 Sep 86

["News Analysis: Murphy's Shuttle -- Tortuous Way to U.S. Mid-East Goal by Chen Ruining" -- XINHUA headline]

[Text] Cairo, September 11 (XINHUA) -- U.S. Assistant State Secretary Richard Murphy left here for home today after shuttling between five mid-east countries -- Israel, Jordan, Egypt, Syria and Saudi Arabia -- in 10 days.

He might be satisfied that this time he has not returned home empty-handed as an Egyptian-Israeli agreement on referring their border dispute over Tabah to international arbitration has been signed. As a result, Egyptian President Husni Mubarak and Israeli Prime Minister finally met in Alexandria today soon after his departure for home. However, there remains a long tortuous way to go before the U.S. can reach its goal in the Middle East -- a settlement through direct dialogue between Israel and confronting Arab countries at the sacrifice of the Palestine people's right to self-determination.

The U.S. Administration is insisting on solving the Mid-east issue through Israeli-Arab direct talks without the participation of the Palestine Liberation Organization (PLO). When Murphy arrived in Israel on September 1 on the first leg of his shuttle visit, he was reportedly trying to get a summit of Israel, Egypt, and Jordan as a first step to reach the goal. But he failed. In his talks with Jordanian King Husayn in Amman, Murphy was told that the only way to achieve a just durable Mideast peace is to convene an international conference with all parties concerned, including the PLO, under the auspices of the U.N. Security Council.

A Jordanian Government statement issued in late August declared explicitly three "red lines" beyond which Jordan will never go in a Mideast settlement. They are: "Jordan will never conduct separate talks with Israel under any circumstances, never waver in its rith to Jerusalem occupied in the 1967 war and never give up an inch of land occupied by Israel."

Although the Egypt-Israel summit talks have started, there is a world of differences between the two countries to be solved before their bilateral relations are normalised. First of all, Egypt wants to have the Palestine issue settled in a justified way which Israel has been rejecting. Both Egypt and Jordan have repeatedly affirmed that the PLO is the sole legitimate representative of the Palestinian people. But Israel firmly refused to have any talks with the PLO.

Again in Syria, President Hafiz al-Asad told Murphy that an international meeting under the auspices of U.N. Security Council is the only way to a Mideast peace solution. It is not know whether King Fahd told him the same position regarding the Mideast issue.

Diplomatic sources here observed what Washington can do toward its goal would be very much limited because Peres is scheduled to hand over his premiership to the hardline Likud group of Israel next month. In addition, controversies between different parts concerned and rivalry between superpowers in this region have still blocked the way to a peaceful settlement.

PETROVSKIY SAYS WU, SHEVARDNADZE TO MEET AT UN

OW151212 Beijing in Russian to the USSR 1800 GMT 12 Sep 86

[Text] Petrovskiy, USSR deputy foreign affairs minister, said at his press conference in Moscow on 11 September that the Soviet Union is going to the 41st UN General Assembly session with a comprehensive program of practical actions for removing the nuclear danger, stopping the arms race, consolidating universal peace, and increasing the scale of the peace offensive. The current UN General Assembly session is scheduled to open on 16 September.

Petrovskiy said that the Soviet Union and other socialist countries have already submitted for study by the coming UN General Assembly session a proposal for decisively doing away with the policies of confrontation and the arms race and for pooling the efforts of all the states to create a system of peace which would reliably guarantee equal conditions of security for all in all the spheres of international relations.

Petrovskiy also said that Shevardnadze, Soviet foreign affairs minister, and Wu Xueqian, Chinese foreign affairs minister, plan to meet in New York at the end of September during the work of the UN General Assembly session. He said that the Soviet Union will exert efforts for making Soviet-Chinese relations become an important factor in regional and international political life.

REPORTAGE ON USSR'S TALYZIN VISIT TO PRC

## Admires Guangzhou Vitality

HK140522 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1439 GMT 13 Sep 86

[Text] Guangzhou, 13 Sep (ZHONGGUO XINWEN SHE) -- During a visit to Guangzhou's Baiyun agriculture-industry-commerce complex this morning, Talyzin, first deputy chairman of the USSR Council of Ministers, asked his hosts many questions. "How did the momentous change take place in recent years? Why are the enterprises so invigorated? How come the people are so energetic?"

Lin Xianghou, manager of the Baiyun agriculture-industry-commerce complex, explained to the guest: Since 1980, the company has vigorously implemented the contract system, smashed the big public pot, and developed a commodity economy. Last year, the company's total income was 350 million yuan, with a profit of 30 million yuan, which benefitted the state, collective, and individuals.

After Lin's explanation, Talyzin proposed visiting some factories under the complex. With keen interest, Talyzin asked his hosts about the lifting of market restrictions, the marketing and sales of products, prices, targets, and other questions. After his visit, Talyzin patted Lin on the shoulder and said: "You are a good manager."

Talyzin and his party arrived in Guangzhou yesterday by special plane from Wuhan. At the welcoming party given by Guangdong Vice Governor Yang Deyuan yesterday evening, Talyzin said: During my current visit to China, I have personally witnessed the remarkable changes that have taken place in China. Guangzhou is full of vitality, and modern buildings can be seen everywhere. We are very glad to see that all trades and professions are developing rapidly.

Talyzin continued that the Soviet Union profoundly esteems Dr Sun Yat-sen, the founder of Soviet-Chinese friendship. The Soviet Union will hold activities to commemorate the 120th anniversary of the birth of Dr Sun Yat-sen.

This morning, the Soviet guests also paid a visit to the Guangzhou uprising martyrs' mausoleum and laid wreaths at the foot of the Sino-Soviet People's Xueyi Monument.

Departs 15 Sep

HK150827 Hong Kong AFP in English 0816 GMT 15 Sep 86

[By Pierre-Antoine Donnet]

[Text] Beijing, Sept 15 (AFP) -- Soviet First Deputy Premier Nikolay Talyzin left here Monday after a week-long visit which sources close to his delegation said could lead to the Soviet Union modernising about 100 Chinese enterprises.

Mr Talyzin, the highest-ranking Soviet official to visit China in 17 years, held talks with several senior Chinese officials during his stay here, including Premier Zhao Ziyang.

A Soviet diplomatic source said Mr. Talyzin gave Mr Zhao a message from his soviet counterpart, Nikolay Ryzhkov. The contents of the message were not divulged.

The sources close to the Soviet delegation described the visit as "an encouraging step towards a better atmosphere in Sino-Soviet relations."

The visit allowed for the final touches to be put to a program which calls for the modernising of 17 Chinese plants built with Soviet aid during the 1950's, the sources said. The program would involve the sending of Soviet experts -- totalling more than 100 -- to China for the first time in 26 years, they added.

The number two in the Soviet delegation, Konstantin Katushev, chairman of the State of Commission for Foreign Economic Relations, held talks with Chinese officials on the modernizing of several dozen other Chinese enterprises, the sources said.

As many as 100 Chinese enterprises across the country could be modernised with the help of Soviet technology and experts, they added. A total of 257 Chinese enterprises and industrial complexes were built up with Soviet aid during the 1950's just prior to the abrupt departure of all Soviet experts from the country in 1960 and the Sino-Soviet split.

According to Western diplomats in Beijing, their Soviet colleagues were "delighted" by the results of the visit. Soviet diplomats said Mr. Talyzin and the delegation has "talked of everything" with Chinese officials, implicit acknowledgement that political topics were broached, they added.

The visit followed a speech Soviet [as received] leader Mikhail Gorbachev in late July in which he announced a partial pullout of Soviet troops from Afghanistan and Mongolia and proposed settling a Sino-Soviet border dispute in China's favor.



Mr Talyzin also arrived just days after Chinese leader Deng Xiaoping offered to meet Mr Gorbachev if Moscow urged Vietnam to withdraw its troops from Cambodia.

Beijing and the Soviet Union signed two agreements during the visit. One concerns consular affairs and the other cooperation between the state planning commissions of the two countries. The cooperation agreement, according to informed Soviet sources, is important because it furnishes a formal framework for and endorsement of a programme drawn up for trade and commercial exchanges in the period 1986-1990.

Under existing agreements, Sino-Soviet trade should jump from some two billion dollars this year to between five to six billion dollars in 1990.

Beijing and Moscow did only 285 million dollars worth of business in 1982, when the first steps toward detente between the communist giants were taken.

The consular agreement deals with visits to China by Soviet experts and some 200 students and professors, the sources said. It also concerns passage through the Soviet Union of Chinese diplomats going to Europe by train, they added.

During his talks with Chinese officials, Mr Talyzin discussed the creation of Sino-Soviet joint ventures and the start-up of direct cooperation between Soviet and Chinese enterprises, the sources said.

Mr Talyzin, an alternate Politburo member and chairman of the State Planning Commission (Gosplan), visited Guangzhou in southern China, Wuhan in central China and Shenyang in the northeast before leaving Beijing for Moscow Monday.

Eastern European sources said that China and the Soviet Union would hold in-depth exchanges on political questions during a new round of normalization talks scheduled to open here on October 10.

The Soviet delegation to the talks is to be led for the first time by new Deputy Foreign Minister Igor Rogachev, a specialist in Chinese and Asian affairs who accompanied Mr Talyzin to China.

#### SINO-SOVIET BOOK TRADE AGREEMENT SIGNED

OW121251 Beijing in Russian to the USSR 1800 GMT 11 Sep 86

[Text] On 11 September, the last day of the first Beijing International Book Fair, Chen Weijiang, general manager of the China National Publications Import and Export Corporation; (Wang Keijun), general manager of the China International Book Trading Corporation and Yuriy Leonov, general director of the Soviet Mezhdunarodnaya Kniga Association, signed in the Beijing Exhibition Pavilion, an agreement on increasing the sale of books in both countries. It provides for the sale of Soviet books in China in Shanghai and Changchun in addition to the city of Beijing, and for the sale of Chinese books in Leningrad and Kiev, in addition to Moscow in the Soviet Union.

ZHAO ZIYANG VIEWS NUCLEAR TREATY WITH PAKISTAN

OW151316 Beijing XINHUA in English 1254 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- Premier Zhao Ziyang said here today China will neither advocate, nor encourage, nor practice the proliferation of nuclear weapons, and this represents its set policy. Zhao restated China's position concerning nuclear weapons at a meeting on the peaceful uses of nuclear energy with a Pakistan delegation led by Foreign Minister Yaqub Khan.

China is willing to conduct extensive cooperation with the international community in the peaceful uses of nuclear energy, Zhao said, but it has always been China's established policy not to advocate, encourage, or practice the proliferation of nuclear weapons.

Noting that China is critical of the treaty on the non-proliferation of nuclear weapons because it is discriminative, Zhao said China has always taken a serious attitude toward the non-proliferation of nuclear weapons.

The cooperative agreement signed today between China and Pakistan on the peaceful uses of nuclear energy will benefit the construction and development of science and technology in both countries. The agreement and its implementation will end the rumors regarding the nuclear cooperation between the two countries.

Yaqub Khan said the Pakistan Government values highly the agreement, which will contribute to Sino-Pakistan cooperation in major economic fields, and this is a new chapter in bilateral cooperation.

The agreement will help eliminate the irresponsible rumors and testify to China's policy of non-proliferation of nuclear weapons and Pakistan's policy of non-production of nuclear weapons, Yaqub Khan said. Present also was Song Jian, state councillor and minister in charge of the State Science and Technology Commission.

PRC DONATES WHEAT TO AFGHAN REFUGEES IN PAKISTAN

OW181927 Beijing XINHUA in English 1911 GMT 13 Sep 86

[Text] Islamabad, September 13 (XINHUA) -- China today provided five thousand metric tons of wheat in aid to Afghan refugees. The aid was presented by Tao Jian, commercial counsellor of the Chinese Embassy in Pakistan, to Pakistan Chief Commissioner on Afghan Refugees Izhar at a ceremony held in Karachi.

Speaking on the occasion, Tao said that the people and government of China have consistently stood by the people of Afghanistan in their struggle against foreign aggression and supported the effort for a fair and justifiable political solution to the Afghan issue.

He said China has always maintained that all the United Nations resolutions on Afghanistan be implemented, all the Soviet troops in Afghanistan be withdrawn immediately, completely and unconditionally, and the Afghan refugees return to their homeland. He noted that the people and Government of China put in high esteem and admiration the principled stand taken in this respect by the people and Government of Pakistan.



REPORTAGE ON FINNISH PRIME MINISTER'S VISIT

Arrives 14 Sep

OW141134 Beijing XINHUA in English 1118 GMT 14 Sep 86

[Text] Beijing, September 14 (XINHUA) -- Prime Minister Kalevi Sorsa of Finland and his wife arrived here this evening for a six-day official visit to China at the invitation of Chinese Premier Zhao Ziyang. Sorsa, who is the first Finnish prime minister to visit China, was greeted at the airport by Zou Yu, Chinese minister of justice and chairman of the Reception Committee of the Chinese Government.

## Talks With Zhao Ziyang

OW151104 Beijing XINHUA in English 1042 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- Chinese Premier Zhao Ziyang and visiting Finnish Prime Minister Kalevi Sorsa today conferred on international issues and the growth of bilateral relations during their talks here this morning. It was learned that the talks proceeded in a cordial and friendly atmosphere.

Zhao said China and Finland share many similar views on international situation. China stands for disarmament and is opposed to arms race and especially to the extension of arms race into the space. China implements an independent foreign policy of peace, which can play an important role in safeguarding world peace, he said. China also regards Europe as an important factor for promoting detente, preventing war and safeguarding peace, he said. More and more European countries, either in Eastern or Western Europe, either in or not in the bloc, or neutral, all stand for disarmament and detente. On the question of war and peace, all small and medium-sized countries in Europe like to have their own rights to speak, and this should merit attention, he said.

Sorsa said that Finland, a neutral and non-aligned country, is willing to develop its relations of friendship with all countries. Finland considers arms race a most worrisome phenomenon in the world. It also stands for disarmament and hopes to see the international situation ease gradually for it conforms to the interest of the Finnish nation, he added. With regard to the question of striving for disarmament and detente and solving regional conflicts, he said, not only big countries, but also other nations can play their roles and so they should have their own rights.

Speaking of bilateral relations, Zhao said, China attaches importance to developing bilateral cooperation in the fields of politics, economy, trade, science and technology on the basis of equality and mutual benefit, he said. China will adopt new measures to improve its environment for investment and welcome Finnish industrialists to invest in China. Zhao recalled his meeting last year with Finnish President Manno Henrik Koivisto in the UN and said Sorsa's current visit signified the entering of a new stage for Sino-Finnish friendly relations and cooperation.

Sorsa noted with happiness that this is his first visit to China as the Finnish Prime Minister, adding that it is also his first trip to Asia.

As one of the first Western countries to establish diplomatic relations with China, Sorsa said Finland pays heed to developing relations with China. He held that his present China visit will contribute to bilateral relations, and acknowledged that the Finnish Government and economic circles are also willing to strengthen Sino-Finnish economic and trade cooperation.

Sorsa extended his invitation to Zhao to visit Finland. Zhao said that he will be glad to visit this beautiful and richly-endowed Nordic country and the time for his visit will be decided through diplomatic channels.

Earlier this morning, Zhao Ziyang presided over a ceremony on the Plaza East of the Great Hall of the People for Sorsa on his official visit to China.

Zhao Ziyang, Sorsa Speak

OK151548 Beijing XINHUA in English 1518 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- China wants to strengthen ties with Finland and other European countries to safeguard world peace and promote common development, Chinese Premier Zhao Ziyang said here today. Zhao spoke at a banquet honoring visiting Finnish Prime Minister Kalevi Sorsa and his party here this evening.

Zhao said although China and Finland have different social systems and situations, they are both working to safeguard world peace and build their countries in a peaceful environment. China opposes the arms race and stands for solving international disputes through negotiations. It welcomes a relaxation of the tension between the United States and the Soviet Union, and hopes that the two countries will carry out earnest negotiations for an agreement on drastically reducing their arsenals, with no third party interests being compromised.

China believes, Zhao said, that major issues like peace and disarmament should be not decided by only one or two big countries. Other countries should also have the equal right to voice their opinions and contribute to the settlement of those issues. He said that China fully understood and respected the positive policy of peace and neutrality pursued by Finland, and admired its positive contributions to reducing tension in Europe and promoting contact and cooperation between East and West European countries. The premier spoke highly of Sino-Finnish cooperation in recent years, saying trade between the two countries had greatly increased while the two countries had begun scientific and technical cooperation. Both Zhao and the Finnish Prime Minister expressed the wish to expand and diversify cooperation between the two countries.

Sorsa said the fact that the two countries had no conflict of interests provided a sound basis for developing relations. His country is following China's reforms with great interest and admiration and is willing to share its experience and technology with China. Finland could be China's important partner for cooperation in forestry and the timber processing industry, he said, adding there were also possibilities for cooperation in mining, chemical, machine-building, and telecommunication industries.

The scientific and technical cooperation agreement to be signed by the two countries, Sorsa predicted, will provide new prospects for cooperation between the two countries. The mixed loan agreement to be signed would also help further Finnish-Chinese economic cooperation. Finland is willing to develop sound relations with all countries in the world and will not involve itself in conflicts of interests between big powers, said Sorsa.

The prime minister advocated that big powers and countries with nuclear capability should be held mainly responsible for disarmament. "Military preparation and the development of new weapons will not strengthen security. The use of weapons should be controlled and the number of weapons reduced," he said. One of the major goals toward disarmament is a broad agreement on banning nuclear tests, which could be effectively supervised, he added. He said that Finland was now striving to make northern Europe a nuclear-free zone and speed up the conference on security and cooperation in Europe.

Chinese State Councillors Ji Pengjue and Song Jian were among those present at the banquet.

#### Meets Deng Xiaoping

OW160820 Beijing XINHUA Domestic Service in Chinese 0647 GMT 16 Sep 86

[Text] Beijing, 16 Sep (XINHUA) -- At a meeting with Finnish Prime Minister Sorsa today, Chairman of the CPC Central Advisory Commission Deng Xiaoping stressed once again that the most cardinal issue in removing the three big obstacles in Sino-Soviet relations is the solution of the question of Vietnamese aggression against Cambodia.

Deng Xiaoping said: "We stress the necessity to solve the question of Vietnamese aggression against Cambodia because it is, in reality, a hot point in Sino-Soviet relations."

He said: "If the Soviet Union can eliminate this hot point, it will be doing good to both itself and Vietnam and making a contribution to the peace in the Asian-Pacific region and in the rest of the world."

Deng Xiaoping extended a hearty welcome to Sorsa as the first Finnish prime minister visiting China and briefed him on the prospects of China's economic development and its policy of opening to the outside world.

Deng Xiaoping said: Now China is still very backward. Our first task is to free ourselves from poverty and become comparatively well off by the end of this century. Then, we will work hard for several more decades to develop our economy to a level close to that of developed countries. At present, our policy is to enliven the domestic economy and open to the outside world. He stressed: "Without opening, China cannot achieve its objective of economic development for this century, still less the objective for the next century. In view of this, we very much welcome all friendly countries and peoples to increase cooperation with us." Deng Xiaoping said that Sino-Finnish economic cooperation has very broad prospects.

Sorsa said: The past 2 years have seen very fast development of the cooperative relations between China and Finland. The government and the economic circles of Finland are greatly interested in increasing bilateral trade, developing joint ventures, and making investment in China. Finland is quite willing to play a role in China's great modernization process.

Deng Xiaoping expressed appreciation of the positive stance taken by the Finnish Government toward cooperation with China.



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ZHOU GUCHENG FETES NORWEGIAN PARLIAMENTARIANS

OW151802 Beijing XINHUA in English 1549 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- Zhou Gucheng, vice-chairman of the Standing Committee of the Chinese National People's Congress, gave a banquet for a religious, educational and cultural committee delegation from the Norwegian Parliament, led by Haakon Blankenborg. The banquet was sponsored by the Education, Science, Culture and Public Health Committee of the National People's Congress, the host committee.

Zhou hoped that both sides would strengthen cooperation between the two parliaments and the members of the two committees, especially in cultural and educational contacts to promote the mutual understanding and friendship between the two countries and peoples.

Blankenborg stressed the importance of cooperation between Norway and China. He expressed the belief that the delegation's visit to China would strengthen the ties between the two sides in culture, education and other aspects.

Zhou Gucheng had talks with the Norwegian guests before the banquet. The delegation arrived earlier today.

ZHANG AIPING LEAVES ITALY FOR BRITAIN 15 SEP

OW151448 Beijing XINHUA in English 1435 GMT 15 Sep 86

[Text] Rome, September 15 (XINHUA) -- China's Defense Minister Zhang Aiping left for Britain today after a successful visit to Italy. During his stay here, Zhang held talks with his Italian counterpart Giovanni Spadolini on the current international situation. They asked about ways to increase cooperation between the armed forces of the two countries and in military technical information. The Chinese Defense Minister also visited military installations and watched a landing exercise by Italian amphibious forces. Zhang was welcomed warmly everywhere he went.

ZHANG JINGFU MEETS VISITORS FROM WEST GERMANY

OW131242 Beijing XINHUA in English 1225 GMT 13 Sep 86

[Text] Beijing, September 13 (XINHUA) -- Chinese State Councillor Zhang Jingfu met here today Dr. Jur Winfried Florian, state secretary of posts and telecommunications of the Federal Republic of Germany, and his party. The visitors arrived here Thursday. They signed an agreement with the Chinese Ministry of Posts and Telecommunications on fast post delivery yesterday. They also held talks with the Chinese ministry on opening a direct-dial telephone service and other cooperation projects between the two countries.

GOVERNMENT STRUCTURAL REFORM TO TAKE 10 YEARS

HK130320 Hong Kong TA KUNG PAO in Chinese 13 Sep 86 p 3

["Special Dispatch" by correspondent Kung Shuang-yun: "Government Structural Reform To Take 10 Years; Problem of Overstaffed Organs Hard To Solve"]

[Text] Beijing, 12 Sep -- Song Tingming [1345 1694 2494], a deputy bureau director of the State Commission for Economic Structural Reform, told correspondents today that the point where economic and political structural reforms are linked and join up lies in government structural reform. The structural reform of overnrm at all levels is a reform of both economic and political structures. The steps in this reform consist of first delegating powers, then shifting onto a new track, and then carrying out streamlining. Roughly the span of two 5-year plans will be needed for this.

Song Tingming graduated from the Chinese People's University and worked for a minor journal in Xinjiang for 5 years. He is now deputy director of the Investigation and Study Bureau of the State Commission for Economic Structural Reform.

He said that political structural reform is mainly aimed at solving four problems: 1) properly handling party-government relations on a nationwide scale, from the central authorities down to the localities; that is, the question of how the ruling Communist Party can improve party leadership; 2) how to streamline the party and government organs, especially the latter, at all levels; 3) how to attain a high degree of socialist democracy on a still more extensive scale; 4) how to put on a sounder basis and perfect the socialist legal system.

He said that at present the greatest obstacle to political structural reform comes from the old concepts and systems of thought left over from China's feudal society and from the force of the conservative and backward habits of small peasant economy; it also comes from the unwieldy and overstaffed party and government organs. Chairman Deng Xiaoping has therefore said that it is essential to carry out political structural reform while undertaking economic structural reform; it will be very difficult to carry out economic structural reform unless political structural reform is undertaken.

On the current difficult problems encountered in reform, Song Tingming said that the first difficulty is that it is essential to reform the price system while also guarding against inflation. The price policy involves the vital interests of the whole country's 1 billion people and of all economically legal persons [jing ji fa ren 4842 3444 3127 0086]. The second difficulty is the reform of the wage system. This involves the vital interests of 200 million urban residents, because 99 percent of them depend on wages. The third difficulty is the question of how to streamline the party and government organs and improve office work efficiency. This involves the vital interests of 24 million state work personnel, including 4 million cadres of party and government organs. He said that the essence of reform is readjustment and redistribution of powers and interests.

He said that a great deal of work is needed to ensure that 24 million state work personnel will all understand and support the reforms. This is the most difficult problem to solve. He said that the Chinese Government is known as the world's second largest government, the largest being that of the Soviet Union. The Chinese Government has 43 ministries and commissions and 51 units directly subordinate to it. The Soviet Union has 88 ministries and commissions and more than 40 directly subordinate organs. [paragraph continues]



The streamlining of this unwieldy and overstuffed structure is not something that can be resolved just by issuing a simple administrative order. We certainly cannot adopt the methods used during the time of Mao Zedong and chase them off to "7 May" cadre schools. Our cadres are not equipped to follow the example of U.S. Secretary of State Kissinger, who can act both as a university professor and a secretary of state. We should gradually change their functions through training. This will require the span of two 5-year plans, roughly 10 years, to resolve. The results of the reforms will be to attain a new organ and personnel establishment as laid down in the new State Council organization law.

QIAN JIAQU REJECTS FURTHER DEVALUATION OF RENMINBI

HK120611 Hong Kong SOUTH CHINA MORNING POST in English 12 Sep 86 Business Post p 1

[By Paul Sham]

[Text] Further devaluation of the renminbi will not happen in the near future and China will not abandon foreign exchange controls before the end of the century, one of the country's foremost economists declared yesterday.

Qian Jiaqu, known for his authoritative and sometimes outspoken comments, told a seminar in Hong Kong on China's price reform and currency policy that the depreciation of the renminbi had been so great in recent months that any further fall in value would seriously jeopardise the economy.

His unequivocal remarks were in sharp contrast to recent speculation in China trade circles of another devaluation being imminent.

Since China announced in June that it intended to abolish foreign exchange certificates (FECs), many had thought the authorities would bring the official exchange rate further into line with the black market, so helping to stamp out illegal dealing.

FECs are widely expected to be scrapped on October 1, and it was suggested that any move on the renminbi would be made before then. The last cut was in July.

Mr Qian dispelled that impression and admitted that the black market would continue to exist for the time being. He dismissed the notion that devaluation would boost exports -- the prime target of most domestic enterprises. "The effect on exports is only psychological, not real."

Only better and more varied products and packaging, and punctual delivery, could increase sales overseas, he said. Devaluation would curb only imports.

As for hopes that China's economic reforms might lead fairly soon to the currency being floated free of exchange controls, Mr Qian said flatly: "It is impossible. China's economy is still weak and export performance is bad."

Abolition of exchange controls would lead to a massive drain on hard currency reserves, he said.

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"I do not expect foreign exchange controls will go in the foreseeable future, not before the end of this century."

He also said renminbi would not be used in Hong Kong after it reverted to Chinese control.

LEGAL PROFESSION TO GROW BY 'LEAPS, BOUNDS'

OW131247 Beijing XINHUA in English 0948 GMT 13 Sep 86

[Text] Beijing, September 13 (XINHUA) -- The legal profession in China will grow by leaps and bounds over the next 15 years so that by the turn of the century there will be ten times as many lawyers in the country as there are today. An official from the Ministry of Justice said an expanding judicial system has created an overwhelming demand for qualified and well trained lawyers.

During the ten years of the "Cultural Revolution" lawyers were outlawed in China but things have changed drastically in the decade since then. Over the last eight years a Chinese Constitution has been written, a criminal code has been put into force, a corporate investment law has been established and the Ministry of Justice has been revived. All these changes have created an acute shortage of lawyers and has put a tremendous strain on overworked legal professionals.

To alleviate the pressure, tens of thousands of students are studying law at universities and through correspondence courses. About 2,700 students are studying law full-time at 40 universities, legal institutes and colleges but this will not nearly meet future demands, the Ministry of Justice official said.

The post secondary institutes could handle an enrolment of 4,000 students a year but even this figure needs further expansion. The Law Department of the Central Television University, which offers course by correspondence, has enrolled 50 thousand law students but few of them will earn certificates allowing them to become practicing lawyers.

NATIONAL EXAMINATIONS FOR LAWYERS TO BE HELD

OW131323 Beijing XINHUA in English 0953 GMT 13 Sep 86

[Text] Beijing, September 13 (XINHUA) -- China will hold its first national examinations for lawyers later this month, an official from the Ministry of Justice told XINHUA here today.

More than 16,000 applicants will take part in the exams, the official said, adding that from now only those who pass the examinations can be hired to work as lawyers. Previously, chinese lawyers were required to take examinations from provincial governments after graduating from a university legal department. "All lawyers will have to pass these strict national exams before they are granted lawyers' certificates by the ministry and before they are legally entitled to practice law," said the justice official.

Lawyers resumed activities in 1979, after a 20 year suspension. The country now has over 13,670 full-time and part-time lawyers. Almost two-thirds of China's law cases were handled by the presence of lawyers in the past two years. They promoted reconciliation between two disputing parties and attended trade negotiations.

The justice official said that China will train 37 thousand competent lawyers by 1990 and will retrain today's 13 thousand. As part of the retraining program, a center has been set up to train senior lawyers in foreign economic, patent and marine laws and regulations. Other lawyers will be retrained in different localities.

#### REFORM, DEVELOPMENT FOCUS OF EDUCATIONAL RESEARCH

HK121544 Beijing GUANGMING RIBAO in Chinese 6 Sep 86 p 1

[Report by reporter Yang Zhihan: "Research on Education Science Will Focus on Development Strategy and Reform in the Seventh 5-Year Plan Period"]

[Text] According to reports from the National Education Science Planning Leading Group meeting, progress was made in China's research on education science during the Sixth 5-Year Plan and key projects already completed, have provided a theoretical basis for making macroscopic policy decisions and structural reform in education. In the Seventh 5-Year Plan, a strategy for educational development and educational reform will be put in the most important position in research on education science, and efforts will be concentrated on 10 aspects.

During the Sixth 5-year Plan, a lot of research results with both academic value and practical significance were made in China's research on education science. The research on "The Percentage of Educational Expenditures in National Revenue and the Evaluation of Economic Results of Educational Investment" carried out by Professor Li Yining of Beijing University has put forward a set of relative, realistic, mathematic models for the percentage of educational investment, and has scientifically expounded questions concerning China's educational investment and how the investment should be used. These results are extremely important, and valuable data for the government making policy decisions. Besides, results of research projects "The Characteristics of the Psychological Development of Chinese Children and Education," "Research on Education in China's Rural areas," "Research on the Structure of China's Tertiary Education," and other projects have provided a solid basis for reforming the educational structure. At present, there are 37 research institutions in various cities and provinces, and in normal schools and colleges throughout the country. Educational research institutes and offices have also been set up in more than 300 colleges and universities. The total number of full-time research workers in these two kinds of organizations is more than 2,000.

In the Seventh 5-year Plan, the focus of China's research on education science includes 10 preliminary aspects: Strategy for educational development; Basic educational reform; structure of education; management of education; basic construction of educational research; ideological and political work; history of China's education; and education in foreign countries.

The meeting stressed that from now on various methods, such as awarding degrees to college students and self-taught individuals, the integration of full-time and part-time researchers, and so on should be used to train a contingent of high-level education research workers. [paragraph continues]



Experiments in education should be enthusiastically carried out. Several typical education experimental zones and experimental schools should be established and the results of their experiments should be spread in good time. Great efforts should be made in publicizing knowledge of education science and popular books on education science should be published for teachers and students' parents.

RENMIN RIBAO COMMENTATOR'S ARTICLE ON TEACHERS

HK140600 Beijing RENMIN RIBAO in Chinese 10 Sep 86 p 1

[Commentator's article: "To Teachers on Teachers' Day"]

[Text] Today is the annual celebration of Teachers' Day. Teachers work hard all year round at their post to pass on knowledge and cultivate people, and respecting teachers and their work has become good practice in our society. On this festival, people are even more grateful to their teachers. Here, we sincerely express our congratulations and our highest esteem for teachers of all nationalities in the whole country.

Respected teachers, your work is the most glorious work in society. Man is the most important among all things in the world. It is a matter of course that the work of cultivating people is the most important work. At present, all nations are intensely competing with each other in the technological and economic field; but in the final analysis, the competition is in the training of people and in education. In the past year, the party and the government have made new efforts to develop education, raise teachers' social status, and improve teachers' working and living conditions. All circles in society have also supported education and teachers' work and made contributions to deepen people's respect for teachers and their work. The fact that more young people have signed up for the enrollment examinations of teachers' schools also shows that teachers' status in society is indeed higher than before. Of course, due to limitations in various aspects and the insufficiency of people's efforts, the benefits offered by various localities to teachers is still limited. Under these circumstances, the 10 million teachers in the country fully demonstrate their high political consciousness and sense of responsibility. This will never be forgotten by the party and the people.

In the new period of opening and reform, teachers are shouldering heavier work loads. In order to train qualified personnel for our modernization cause, teachers have directly or indirectly participated in building material civilization. At the same time, as engineers of people's souls, teachers are professional workers engaged in the construction of spiritual civilization. In a broad sense, a teacher's work is to "enlighten people and pass on scientific and cultural knowledge;" that is, to spread spiritual civilization. Concretely speaking, educating young people so that they can have lofty ideals, moral integrity, rich knowledge, and a good sense of discipline is a basic task in the building of spiritual civilization. With such an important and arduous task on the shoulders of our teachers, how glorious they are!

We Chinese people have a tradition of respecting teachers and their work. From ancient times on, teachers have been regarded as leaders and revered people. Teachers also pay great attention to setting a good example for other people. Today, teachers do not only spread civilization through their teaching activities, but also set a good example with their own words and deeds for the development of civilization. [paragraph continues]



They not only should be an example for their students, but should also be an example for the whole society. Therefore, it is necessary to particularly emphasize teachers' trade ethics and social responsibilities. It is important for teachers to have self-respect and self-confidence. Mr Tao Xingzhi, a famous educator of the people, said: "Teachers should respect themselves if they are to be respected by other people." Teachers should first love their job and should not improperly belittle themselves and their job and always try to change their job. They should resolve to take educational work as their lifelong career and should have the lofty aspiration of making unremitting efforts to develop China's education. On the one hand, people in all walks of life should respect teachers and their work; on the other hand, all teachers should set a good example for the public. This will effectively promote the building of socialist spiritual civilization in our country.

Our respected teachers, the times have placed you in the forefront of the two civilizations, and the people have placed high hopes in you!

ZHONGGUO FAZHI BAO ARTICLE VIEWS NPC DEBATE

HK120339 Beijing ZHONGGUO FAZHI BAO in Chinese 4 Sep 86 p 1

[Article by reporter Yan Jun: "Having More Arguments Is a Good Thing -- Sidelights of the 17th Session of the 6th NPC Standing Committee"]

[Text] The formulation of the Enterprise Bankruptcy Law has always been a concern of various segments of society. The need to formulate such a law seems to be unanimously agreed upon without any difference of opinion. What is at issue is whether conditions now exist for its introduction and whether the time is ripe. Such a debate, with differing views voiced, is naturally reflected in our country's legislative organs and the state's organ of supreme power -- the session of the NPC Standing Committee.

People at group discussions and committee members vied to speak out. It was quite a heated debate! Wu Bo, Dong Jianhua, Wu Heng, He Ying, Deng Jiatai, and other committee members said: The formulation of the bankruptcy law is an important component of reform and is an important measure in reform. It is in line with the objective law governing the development of the socialist commodity economy. Some socialist countries have successively formulated a bankruptcy law. There is no need for us to wait. It is time to come out with such a law. On the other hand, Lei Jieqiong, Ma Wanqi, Huang Rongchang, Tao Dayong, Liu Jingqi, Gu Gengyu, and other committee members put forth a different view. They feel that the formulation of the bankruptcy law should be given prudent consideration. At present, necessary conditions are still lacking. Some committee members even feel that the bankruptcy law is not the only panacea to solve the enterprise deficit problem.

Putting aside which of the two views should be adopted, just the display of such a serious and responsible attitude on the part of the committee members who aired their own views in a warm atmosphere really moved us. Some comrades said: This is the first session of the NPC Standing Committee in many years that has discussed the problem of legislation with committee members' thinking so emancipated in a relatively heated debate. Vice Chairman of the NPC Standing Committee Peng Chong fully affirmed such democratic atmosphere of the session. [paragraph continues]

He said: "Committee members have aired many views in discussing the state enterprise bankruptcy law. This is a very good thing. Only in this way can we stimulate the revision of our laws in a still better manner."

Many elders in legal circles, experts, scholars, and ordinary people warmly praised our country for entering "the golden era of the development of the legal system" since the 3d Plenary Session of the 11th CPC Central Committee. In terms of legislation alone, more than 50 laws have now been produced. As far as the pace of legislation is concerned, about 10 laws have been formulated every year in the past few years. To properly exercise the power of legislation entrusted to them by the people, the members of the NPC Standing Committee should fully air their opinions and state their own viewpoints in the course of discussion -- doing a good job of legislation on the basis of a high degree of democracy. The keen discussion of the bankruptcy law by the NPC Standing Committee members this time has created such a democratic atmosphere. This helps a lot in strengthening the development of our socialist democracy and legal system.

#### STATE CONCERNED BY INFLUX OF 'LIVING BUDDHAS'

HK150708 Hong Kong AFP in English 0646 GMT 15 Sep 86

[By Lawrence MacDonald]

[Text] Beijing Sept 15 (AFP) -- Tibet's god-king, the Dalai Lama, has taken control of 38 major Tibetan temples and monasteries via specially-deputized living Buddhas sent in from abroad, reliable sources said here Monday.

Control of religious centres posed a serious challenge to Beijing's administration of areas surrounding the centres, since local Tibetan cadres were often more loyal to the Lamas than to the government, said the sources, who spoke on the condition that they not be identified. An official of the Chinese Government's Religious Affairs Bureau confirmed to AGENCE FRANCE-PRESSE that the Dalai Lama has sent living Buddhas into Tibetan monasteries but declined to say how many. "These people will eventually be seen through by the masses," said Duan Qiming, deputy director of the bureau's department overseeing Buddhist affairs. "They can't hide behind religion to carry out illegal activities."

The sources said the Dalai Lama's emissaries had appeared at 38 major monasteries in Tibet proper and Tibetan areas of neighboring Chinese provinces with a document in Tibetan script bearing the Dalai Lama's seal. Resident Lamas -- who revere the Dalai Lama as divine -- would immediately prostrate themselves in obeisance, placing the new arrival in charge, the sources said. The infiltration appears to have been going on for some time but had accelerated since October 1985, the sources added.

Living Buddhas, the highest of Tibetan holymen, are said by believers to pass from one generation to the next by reincarnation. But a 27-year de-facto government ban on the search for successors has left many recently re-opened monasteries in without such leadership, observers said. Mr. Duan said that a "small number" of living Buddhas sent by the Dalai Lama had been expelled for "advocating an independent Tibet" and stirring up ethnic tensions between Tibetans and Han, China's ethnic majority.

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Others would be permitted to remain as long as they confined their activities to religion, he said.

The Dalai Lama has lived in India since 1959 after fleeing following an abortive anti-Chinese uprising in Tibet.

The sources said the infiltration was possible because of China's policy since 1978 of welcoming back exiled Tibetans and allowing increased religious freedom. Despite improved conditions, resentment of Chinese rule remains strong in Tibet, where at least 90 percent of some 5,000 temples and monasteries were destroyed by the Chinese during the Cultural Revolution. The sources said that the government was concerned because ethnic Tibetan cadres were helping monasteries collect unauthorized taxes from local herdsmen. The herdsem, often impoverished, were devout and readily gave what was asked, the sources said. Among monasteries said to be effectively under the Dalai Lama's control was Tibet's largest, Drepung (known in Mandarin as Zhibang). Situated on the outskirts of Lhasa, it has an estimated 1,300 Lamas in residence.

Alarmed by the success of the infiltrators, China was preparing to withdraw a 1959 ban on the search for living Buddhas' new incarnations in order to increase government control over the process, the sources said. For nearly 800 years before the ban, successors to deceased living Buddhas were chosen from among peasant boys through a lengthy and elaborate system. Mr Duan denied that selection of living Buddhas had ever been officially banned, saying that it had simply ceased due to the "disruptions" of the late 1950's. He acknowledged, however, that the practice was likely to be resumed. "Identification of a living Buddha's new incarnation is an integral part of the Tibetan religion. The masses have requested that it be restored and we have taken note of their desire," he said. Specific arrangements would be left to the National Buddhist Association and local religious organisations, he said.

Observers said official recognition of living Buddhas and the selection of their new incarnations would help Beijing manage the process and limit the influence of the Dalai Lama's emissaries.

Mr Duan said it was not possible at present to say how many living Buddhas there were in China, partly because statistics were not complete. Foreign observers said there were likely several hundred.

Work was proceeding on gathering and checking information about living Buddhas and it was likely that statistics would be released within the next few months, Mr Duan said. Analysts said release of information about living Buddhas would probably correspond to the National Buddhist Association's adoption of policies allowing the search for new incarnations while strengthening Beijing's control through various guidelines and regulations.

#### ZHENG TUOBIN VIEWS TECHNOLOGY IMPORT PRIORITIES

OW141757 Beijing XINHUA in English 1442 GMT 14 Sep 86

[Text] Beijing, September 14 (XINHUA) -- Minister of Foreign Economic Relations and Trade Zheng Tuobin today listed technological processes, manufacturing technology and management know-how as the priorities in China's import of technology.



This aims at improving China's technological development capability, the minister explained at a national meeting of corporations engaged in technology trade.

Better planning is needed and more flexible methods should be used in order to import advanced technologies adapted to China's conditions, he said. A lesson should be learned from the past eight years, he said. He noted two shopping sprees, in 1978 and 1984-1985, adding that ups and downs in the technology import should be avoided in the future. Other undesirable aspects of the importing work include neglect of manufacturing technology and duplication of production lines imported.

During the current five-year plan period ending in 1990, the technological updating of the energy, transport, telecommunications, raw material, machinery and electrical industries remain the focal areas of technology import, the minister stated.

#### SCIENCE ACADEMY TO BECOME RESEARCH CENTER

OW151130 Beijing XINHUA in English 0643 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- The Chinese Academy of Sciences should be developed into a national research center for basic and applied sciences, said Yan Dongsheng, vice-president of the academy.

Today's "ECONOMIC DAILY" quoted Yan as saying that cooperation with and opening to production departments should be the direction of the academy's reform. He made this remark at a work conference of the academy which began last Saturday.

The vice-president said that the research institutes attached to the academy should cooperate with enterprises, schools of higher learning and government departments. He told participants at the conference that the academy has already established long-term scientific and technological cooperation with 13 provinces, municipalities and ministries as well as some coastal cities and big enterprises. Its research institutes have also formed cooperative relations with more than 3,100 enterprises to transfer technological achievements, provide technical consultants and co-run the enterprises.

As a result, over 120 cooperative entities for scientific research and production have been set up and several thousands research personnel from the academy have become directors, chief engineers and technological advisors to cooperatives and industrial enterprises.

The academy opened its first two research institutes and 17 laboratories in 1985 to provide research conditions for experts working in enterprises and other research units.

Yan disclosed that the academy will soon open more laboratories, and up to now, 35 research institutes have also developed cooperation with colleges and universities to train graduate students and conduct academic exchanges, he said.



SCIENCE, TECHNOLOGY INFORMATION CENTER NEAR COMPLETE

OW151134 Beijing XINHUA in English 0909 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- First-phase construction of the country's largest science and technology information center is to be completed here by the end of this year, the State Science and Technology Commission announced here today.

Located by the Bayi Lake in the western suburbs of the Chinese capital, the entire center with a total floor space of 64,000 square meters will be completed and commissioned by the end of June next year, Liu Zhaodong, deputy director of the Science and Technology Information Department of the commission, told the reporter. The Chinese Government is investing a total of 88 million yuan (about 21 million U.S. dollars) on this State Science and Technology Information Center which will have several divisions including information collection, document processing, a computer center, a reading division, a research section, an audio-visual center and a product-sample-catalog center. The first of its kind in China, the comprehensive information center will employ a total of 1,500 people, Liu Zhaodong said. The country now has 3,888 science and technology information institutions of various sizes, employing 68,000 people.

HU QIAOMU CUTS RIBBON FOR AGRICULTURAL MUSEUM

OW151302 Beijing XINHUA Domestic Service in Chinese 1342 GMT 13 Sep 86

[By reporters Zhou Yichang and Zhang Jianjun]

[Excerpts] Beijing, 13 Sep (XINHUA) -- Hu Qiaomu, member of the Political Bureau of the CPC Central Committee, cut a ribbon at the opening ceremony for the China Agricultural Museum this morning. The museum has been established with the approval of the State Council. Some 800 persons attended the opening ceremony and viewed the exhibition. They included Comrades Zhou Gucheng, Yan Jici, Hu Ziang, and Qian Changzhao and representatives of various circles in Beijing. [Passage omitted]

XI ZHONGXUN PRAISES HANDICAPPED ATHLETES

OW151340 Beijing XINHUA Domestic Service in Chinese 1504 GMT 13 Sep 86

[By reporter Xu Jiren and Peng Dong]

[Excerpts] Beijing, 13 Sep (XINHUA) -- At a victory celebration this morning, Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, praised the handicapped athletes of the country for the "splendid and amazing achievements" they had made at the Fourth Far East-South Pacific Handicapped Games. [passage omitted] This morning's meeting was sponsored by the Ministry of Civil Affairs, the State Physical Cultural and Sports Commission, and the China Welfare Fund for Handicapped. Presenting prizes to handicapped athletes were Xi Zhongxun, member of the Political Bureau of the CPC Central Committee; Qiao Shi, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council; Huang Zhen, member of the Standing Committee of the Central Advisory Commission; Zhu Xuefan, vice chairman of the NPC Standing Committee; Zhang Bangying, member of the Central Advisory Commission; and Li Menghua, minister in charge of the State Physical Culture and Sports Commission. [passage omitted]

ANHUI'S LI GUIXIAN ON IMPROVING PARTY STYLE

OW151215 Hefei ANHUI RIBAO in Chinese 31 Aug 86 p 1

[Excerpts] Li Guixian, secretary of the provincial party committee, delivered a speech on improving party style at a provincial conference of prefectural and city Discipline Inspection Commission secretaries called by the provincial party committee on 29 August.

Stressing the importance of correctly assessing the current situation in party style in Anhui, Comrade Li Guixian said: Owing to the implementation of the CPC Central Committee's relevant documents and of the guidelines of the meetings of 8,000 central cadres, party style in Anhui has undergone a tremendous change and a remarkable improvement has been achieved in many fields. Some unhealthy practices have been basically stopped while unhealthy tendencies characteristic of certain trades and professions have begun to disappear. In general, the main trend in rectifying party style is healthy. However, we must also be aware of serious problems existing in party style. To bring about a fundamental improvement in party style, we still face an arduous task and must work hard with unremitting effort.

Comrade Li Quixian said: It is necessary to earnestly carry out the principle of making resolute and sustained efforts in mobilizing all party members to rectify party style. He said: correcting party style is an immediate, as well as long-term, task. We must work seriously for years on this task, and continue to carry it out after these 2 years. It is necessary to foster the idea of improving party style over a protracted period and make the work part of the entire process of reform. Only by doing so can we ensure correct implementation of the policies of opening to the outside world and invigorating the domestic economy. Therefore, it is necessary to clearly understand the guidelines of the central leading comrades' relevant instructions, keep a cool head, combine immediate with long-range goals, and make relentless efforts to overcome undue complacency and lethargy.

Comrade Li Guixian said: The key to achieving fundamental improvement in party style lies in the efforts by all party members and party committees. [passage omitted]

Expounding the relationship between improvement of party style and reform and setting forth the requirements of improving party style in his speech, Comrade Li Guixian said: In order to create a sound social and political environment for reform and ensure its smooth progress, it is necessary to pay equal attention to reform and improvement of party style and to correct unhealthy tendencies. This is also the basic guideline for discipline inspection work.

Fully affirming the role played by discipline inspection commissions at various levels in rectifying party style and correcting unhealthy tendencies, Comrade Li Guixian said: In spite of difficulties and resistance, the vast numbers of discipline inspection cadres have upheld principles, performed their duties honestly, and worked effectively, thereby contributing to improvement of party style. He emphatically pointed out: Under the new situation, party discipline inspection departments shoulder a heavy task. The party and the people place high hopes on Discipline Inspection Commissions. Therefore, the party committees at various levels should strengthen leadership over and support discipline inspection work, safeguard the authority of the Discipline Inspection Commission, and show concern for discipline inspection cadres politically and in their everyday life. [passage omitted]

LI GUIXIAN HOLDS MEETINGS WITH OLD CADRES

OW151318 Hefei Anhui Provincial Service in Mandarin 1000 GMT 12 Sep 86

[Excerpts] Li Guixian, secretary of the Anhui Provincial CPC Committee, invited some old cadres remaining at the second or third line as well as noted personages without party affiliation to discussion meetings on 9 and 12 September to solicit their opinions on how the provincial party committee could do its work well. The participants spoke their minds freely. The questions discussed included political, economic, educational, and scientific and technological ones. [passage omitted] As for problems raised by the participants that could be solved at present, Comrade Li Guixian immediately instructed comrades in charge to get in contact with the units concerned and to discuss how to solve such problems with the latter. [passage omitted]

ANHUI CADRES PUNISHED FOR SQUANDERING FUNDS

OW150801 Beijing XINHUA Domestic Service in Chinese 0155 GMT 12 Sep 86

[By reporter Kong Xiangying]

[Excerpts] Hefei, 12 Sep (XINHUA) -- Recently rural cadres of Huoqiu County, Anhui Province, who had embezzled and wilfully squandered relief funds have been sternly punished. Among them, Ouyang Li, party branch secretary of Zhugang Village, Zhugang Township; Fan Jiuhe, assistant civil affairs administrator of Shuishang Township; and Wang Benchuan, accountant of Laoji Village, Sanliu Township, were expelled from the party. The judicial organ is now pursuing their criminal liabilities;

According to statistics compiled by the country's five townships and towns, including Zhugang Township, Xindian Township and Fanqiao Township, the county had appropriated a total of 447,000 yuan in relief funds for the past 2 fiscal years for use by various localities as a repayable loan from the county. However, more than 70 percent of the funds were embezzled by rural cadres. Ouyang Li, party branch secretary of Zhugang Village in Zhugang Township, and his family alone embezzled 750 yuan. Under his influence, other village cadres embezzled an average of over 200 yuan. As a result, a total of 2,538 yuan was embezzled. [passage omitted]

Huoqiu County is located in a flood-prone area along the Huai He. It is a poor country which has suffered floods for years. Due to the abuse and embezzlement of relief funds, the people of the county have suffered greatly. This problem in Huoqiu County has aroused the attention of the central leadership and of responsible comrades of the relevant department of the state and of the Anhui Provincial CPC Committee. Recently, with the help of the Anhui Provincial CPC Committee and the departments concerned, the Huoqiu County CPC Committee and the county government have checked the facts and handled the case.

SHANDONG LEADERS STUDY WAYS TO BOOST ECONOMY

SK160408 Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Sep 86

[Excerpts] Responsible comrades of the Shandong Provincial CPC Committee and government have taken the lead in conducting investigations and study to creatively implement a series of principles and policies of the central authorities on reform, opening to the outside, and invigorating the domestic economy, and to instill vitality into the rural economy.



During the Sixth 5-year Plan, Shandong Province witnessed great changes in its rural economy. The livelihood of the peasants was changing from one of just enough food and clothing to well-off. How to make further improvements during the Seventh 5-Year Plan period? In January this year, the provincial party committee and government led cadres at all levels in conducting investigations, exposing contradictions, and formulating measures. Liang Buting, secretary of the provincial party committee, devoted a period of more than 2 months to making informal and simple trips to some 40 grass-roots units in 11 prefectures and cities throughout the province to hold some 50 forums. Governor Li Changan held forums with crop farming experts in Linyi, Dongying and Taian to study ways to help the poor and to develop Shandong Province's rural economy. The party committees and governments at all levels as well as various departments and trades offered more than 1,000 reform suggestions and drafted nearly 100 reforms plans and reports on special topics. Through the provincial party committee and government's revision, selection, and summation, eight policy regulations for accelerating the development of township enterprises and vitalizing the rural commodity circulation were formulated. It is stressed in the regulations that all farm and sideline products that can be processed in the rural areas should not be delivered to the cities for processing, so as to raise social benefit and to increase peasants' income. The commercial, supply and marketing, foreign trade, grain, and banking departments should support the peasant-run farm and sideline processing enterprises in terms of technology, funds and equipment. All high-grade, precision and advanced products as well as the brand-name, special, quality and new products and export-oriented products turned out by the township enterprises should be respectively listed in the state guidance production plan. Materials for processing these products should be supplied to the enterprises in line with the materials distribution system in force. The 19 provincial-administered small port and wharves will be decentralized to their respective cities, prefectures and counties for unified administration. The major popular farm and sideline products producing areas and distributing centers should set up wholesale transaction markets for farm and sideline products and special markets for popular commodities. Products transaction markets should be set up near fishing ports. Wholesale transaction markets and material markets should also be set up in areas where township and town-run industries are comparatively developed.

The formulation and implementation of these policy regulations have greatly boosted the enthusiasm of the cadres at all levels in vitalizing the rural commodity production and circulation. The Jinan party committee and government have taken the initiative in helping township enterprises eliminate misgivings and solve 220 problems in a month. [passage omitted]

According to statistics, since the beginning of this year, Shandong Province has restored and developed more than 30,000 village-run enterprises. Village-run enterprises characterized by contract and cooperative operation as well as multilayered and multi-trade collective and individual operations are being developed in the rural areas of Shandong Province.

#### SHANGHAI DEVELOPS INTO SPACE INDUSTRY BASE

OW141307 Shanghai WEN HUI BAO in Chinese 10 Sep 86 p 1

[By reporter Qian Weihua and Zhang Debao]

[Text] Shanghai has the technical expertise and resources essential for the research and manufacture of rockets and satellites. Of the 18 satellites China has launched since liberation, Shanghai participated in designing, producing, and launching 9 of them. [paragraph continues]



This shows that Shanghai has become one of the bases for the research and production of tactical weapons and space technology in the country. This was disclosed by Su Shikun, director of the Shanghai Administration of Astronautics Industry [SAAI].

The SAAI is a major force in China's astronautics industry. During the early 1970's the late Premier Zhou Enlai, acting on behalf of the CPC Central Committee, commissioned the SAAI with the mission of developing and launching a large earth satellite. Since then, the SAAI has successfully developed carried rockets and launched six satellites. It has also cooperated with Beijing in the development and manufacture of three satellites, making great contributions to the development of the nation's space technology.

In the process of developing space technology, the SAAI has trained a contingent of specialist who not only have good theoretical knowledge and practical experience, but also the will to overcome difficulties. Proficient in various technical fields, these specialists have filled in the gaps in many major fields of the nation's space technology. In addition to launching satellites with the carrier rockets it developed, Shanghai has also worked with fraternal units in using one rocket to launch three satellites, each with different functions, for physical exploration in space, making China one of the few countries in the world capable of launching several satellites with one rocket. The Long March III carrier rocket the SAAI developed has successfully launched the nation's first synchronous orbital experimental telecommunications satellite and a functional satellite for radio and television transmission.

The SAAI has established ties with over 300 units in Shanghai, including schools of higher education and research institutes. By cooperating with these units, the SAAI has set up a comprehensive network of space technology cooperation, specializing in microelectronics, infrared, automatic control, telecommunications, and sensing technologies. Su Shikun said that the SAAI is prepared to undertake the launching of commercial satellites for foreign firms in order to fully exploit its know-how in tactical weapons and space technology.

#### SHANGHAI EMPLOYS FOREIGN TRADE OFFICIALS

OW151118 Beijing XINHUA in English 0716 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- The city of Shanghai has begun employing its foreign trade experts to help manage enterprises with foreign investment, the "PEOPLE'S DAILY" reported today.

"It's the first time foreign trade officials are involved in management," the paper said. "It should improve the foreign exchange situation, with people experienced in foreign trade timely providing information about international markets." Normally, city foreign trade officials concentrate on buying local products and selling them overseas.

According to the paper, the foreign trade officials have helped the Ace Company -- a joint venture between the city and a Japanese firm -- sell more than 20 varieties of luggage abroad that once were unmarketable.

It said 30 joint ventures in the city -- most of them manufacturers -- had hired foreign trade officials as executives.

HUBEI MEETING DISCUSSES RURAL PARTY RECTIFICATION

HK120255 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 11 Sep 86

[Excerpts] The provincial party committee held a provincial conference on rural party rectification from 5 to 10 September. The meeting analyzed the situation in the province's party rectification and made arrangements for carrying out rectification at village-level and consolidating and developing the fruits of rectification in the districts, townships, and units at and above county-level. [passage omitted]

On behalf of the provincial party committee, Guan Guangfu, secretary of the committee and head of its party rectification guidance group, delivered a report on party rectification. Qian Yunlu, deputy secretary of the provincial party committee and deputy head of the guidance group, and Liu Qizhi, member of the Standing Committee of the provincial party committee and director of the committee's Party Rectification Office, presided at the meeting. Analyzing the situation in the province's party rectification work, the meeting held that generally speaking this situation is good and great success has been achieved. However, it is also necessary to see that certain weak links and problems also exist in this work. We must attach importance to these problems and solve them. [passage omitted] The meeting made the following points regarding the importance of village-level rectification:

1. From the point of view of the status and role of the rural party branches, these branches represent the party's rural base and its fighting forces in rural reforms and the effort to build the two civilizations. They are the key linking the party with the peasant masses. A successful job in village-level party rectification will greatly stimulate a further turn for the better in party style in the rural areas and lead forward a turn for the better in social mood, lay a firm ideological and organizational basis for unswervingly implementing the party's rural policies since the 3d Plenary Session of the 11th CPC Central Committee and promoting all rural reforms, and prepare a reserve force for fulfilling the Seventh 5-Year Plan and achieving rural economic take-off and the goal of quadruplication.

2. From the point of view of the state of the rural party branches and party members, the great majority of the rural party branches and peasant party members in Hubei are good or relatively good. They have made major contributions in rural reforms and socialist modernization. However, we must also realize that the influence of the leftist thinking of the past and the force of habit and feudal remnants have not been eliminated. At the same time, historical changes have taken place in rural production and exchange methods following the introduction of the contract responsibility system based on the household with payment linked to output, while many rural party organizations and their activity methods have not been correspondingly changed to meet these changes. As a result of all this, there are still many problems in ideology, work style, discipline, and organization among the rural party branches and party members. These problems are out of step with the new situation and tasks facing us.

This state of affairs shows the urgency of making a success of village-level party rectification. This is the urgent requirement of strengthening the building of the grassroots rural party organizations and is also the urgent demand of the rural party members and masses.

3. Doing a good job in rural party rectification is also important for consolidating and developing the fruits of party rectification in the districts and townships and the units at and above county-level. [passage omitted]

The meeting held that in rural party rectification, it is essential to correctly view and handle certain rural reform issues that directly involve the masses' interests, are of universal concern to the masses, and have a strong sense of policy: 1) The rural areas must continue to implement the policy of allowing some areas and people to get rich ahead of others, and the policy of supporting specialized households. 2) It is necessary to support, guide, and ensure the healthy development of the township and town enterprises. 3) Problems of using one's powers to force down contract prices must be specifically analyzed. [passage omitted]

The meeting focused on studying the main problems to be resolved in village-level party rectification:

1. We must conduct deep-going education in the party's fundamental program and help the peasant party members to enhance awareness and strengthen their party spirit. [passage omitted]

2. We must further enhance people's understanding of rural reform, and ensure that the whole body of peasant party members understand that unless rural reforms proceed in depth and socialist commodity production is developed, and if the peasants are trapped in backward scales and narrow concepts of production, they cannot truly become rich, and the state's four modernizations will be unattainable.

3. We must enhance people's awareness of getting a good grasp of building spiritual civilization in the rural areas. [passage omitted]

4. The focus in rural party rectification must be on resolving problems of serious abuse of power and violation of law and discipline among party-member cadres in the districts, townships, and villages. Party-member cadres involved in serious cases of this type who arouse great anger among the masses must be fully investigated and handled severely according to party discipline, to the point of being expelled from the party. The judicial departments must deal with cases that infringe the criminal law. We must certainly not allow such people to slip by during party rectification.

With regard to party-member cadres and other party members who have made ordinary mistakes or have ordinary problems, we should mainly focus on having them sum up experiences and lessons. It is good so long as they understand and correct their mistakes. We must encourage them to lay down their burdens and strive to make greater contributions in rural reform and economic development.

5. We must do a good job in building the leadership groups of the party branches and enhance their combat strength. [passage omitted]

The meeting pointed out: We must uphold high standards and strict demands and keep a firm grasp on the party policies. We must consistently implement the principle of solving the problems without causing confusion. We must insist on the principle of education by positive example throughout the entire course of rural party rectification. It is forbidden to hold struggle meetings or abuse people. We must treat correctly cadres who persevere in reform and work hard but who have certain shortcomings and errors.

The meeting also pointed out: We must work hard to consolidate and develop the fruits of party rectification, with the focus on straightening out party style.



We must grasp the following tasks from the second half of this year to the first half of next:

1. Continue to carry out deep-going education in party spirit, style, and discipline, with the focus on straightening out party style. We must seriously consolidate and develop the fruits of party rectification in ideology, work style, discipline, and organization. Following this meeting, the province and the prefectures, counties, districts, and townships must carry out a serious review and get a good grasp of solving leftover and newly discovered problems. [passage omitted]
2. Get a good grasp of investigating people and dealing with major and important cases.
3. Straighten out the guiding ideas on work and correct the malpractices in various trades.
4. Continue to get a good grasp of investigating people of three categories.
5. Establish various party life systems and put them on a sound basis, and strengthen the party's regular building.

The meeting stressed that leadership over party rectification must be strengthened. Village-level rectification is led by the party branches. The party committees at all levels must select and dispatch rectification inspectors and publicity and liaison personnel to be stationed in the villages. In each village there should be one or two party-member cadres not engaged in production helping in party rectification and providing propaganda, assistance, guidance, and supervision.

The county and city party committees are to take all-round responsibility for village-level rectification. The county party committee secretaries must devote their main effort to grasping the work personally. Deputy secretaries who are in charge of rectification must make every effort to do this work well. [passage omitted] Prefectural party committee secretaries should devote a considerable effort to grasping party rectification, and a deputy secretary should be specifically assigned to take charge of it. The party rectification offices of the prefectural and county party committees can only be strengthened, not weakened. District and township party committees must establish party rectification offices and prepare a strong force to be responsible for dealing with routine work in village-level party rectification.

#### HUNAN'S MAO ZHIYONG EXTENDS GREETINGS TO TEACHERS

HK110905 Changsha Hunan Provincial Service in Mandarin 0900 GMT 10 Sep 86

[Excerpts] Today, responsible persons of the provincial party and government, including Mao Zhiyong, Xiong Qingquan, Liu Zheng, Chen Bangzhu, Wang Xiangtian, Dong Zhiwen, Xia Duanzhong, Shen Ruiping, She Xinshan, and Chen Yufa, went to various schools to visit teachers, students, staff members, and workers and to spend Teachers Day with them. Mao Zhiyong, Wang Xiangtian, Shi Xinshan, and their party went to the Hunan No 1 Teachers' Training School. [passage omitted]

Mao Zhiyong said: We cannot embark on the four modernizations without qualified personnel. He said: I hope that you will train more qualified personnel for us.



Later, they went to Hunan Girl's Professional University. [passage omitted] Mao Zhiyong said: I hope that like the women's volleyball team, you will work hard and score achievements.

Leading comrades, including Xiong Qingquan, deputy secretary of the provincial party committee and governor; Xia Duanzhong, member of the provincial party committee Standing Committee and director of the Propaganda Department; and Chen Yufa, member of the provincial Advisory Commission Standing Committee, went to Hunan Institute of Education to visit its canteen. Governor Xiong Qingquan found that this canteen was tidy and clean, had a great variety of food and low prices. Full of zest, he said: You have trained students who are the qualified personnel we need. It is necessary to provide good meals so as to train a large number of energetic qualified personnel. [passage omitted]

#### GUANGDONG GOVERNOR ON LABOR CONTRACT SYSTEM REFORM

HK100739 Guangzhou NANFANG RIBAO in Chinese 7 Sep 86 pp 1, 2

[Article by Guangdong Governor Ye Xuanping: "Necessary Reforms Should Be Conscientiously Conducted in Coordination With the Labor Contract System" -- reprinted from ZHONGGUO LAODONG RENSHI BAO [CHINA LABOR AND PERSONNEL NEWS] and slightly abridged by our editorial staff"]

[Text]

I.

To suit the needs of opening to the outside world and invigorating the domestic economy, Guangdong Province has tried out the labor contract system since 1980. It was first tried out in the Shenzhen Special Economic Zone. In 1983, the provincial government decided to introduce it in an all-round way among the newly recruited workers throughout the province. After a process of development from the special zone to the interior, from the Chinese-foreign joint ventures, cooperative enterprises, and foreign-owned enterprises to the state enterprises, and from the state enterprises to collective ones, the ranks of contract workers are growing gradually. In March 1983, there were only 4,000 contract workers throughout the province; by last June, the number had swelled to 376,500. Of these, the state enterprises employed 300,600 workers, the collective enterprises at and above the county levels employed 52,600 workers, and the cooperative enterprises and foreign-owned enterprises employed 23,300 workers. The reform practice of the labor contract system proves that the labor contract system, a new employment system of great vitality, is well received by the enterprises and their workers and staff members.

II.

The smooth practice and consolidation of the labor contract system in our province is attributed to the following facts: The party committees and governments at all levels attach great importance to, and strengthen leadership over, it; all the relevant departments vigorously work in close coordination with one another; and, more importantly, we have conscientiously conducted the necessary reforms and properly solved questions relating to the immediate interests of the workers and the interests of the enterprises. Here are our principal practices and impressions:

1. We should establish a social labor insurance system for contract workers in order to relieve them of their worries about the future. In practicing the labor contract system, people are most concerned about medical treatment and their circumstances in old age following the abolition of the "iron rice bowls" and their livelihood after the contract is terminated.

In order to relieve the contract workers of their worries and to stimulate smooth progress in the reform of the employment system, the provincial government and the governments at the city and prefectural levels have issued documents calling for the establishment of a social labor insurance system in the course of introducing the contract system. All cities, prefectures, and counties in our province have set up social labor insurance companies and provided them with professional managerial personnel. They have also stipulated the source of, and the method of, drawing social labor insurance funds for contract workers. After paying the insurance premiums according to stipulations, contract workers may enjoy labor insurance treatments, such as extra allowance for living expenses when they are out of work, as well as pensions, medical allowances, funeral expenses, and pensions for the disabled or for the family of the deceased after they retire or quit working. In order to suit the special features of the contract workers, who can be fired or hired and can exchange work rationally, the provincial authorities have also worked out methods of transferring social labor insurance funds. It is stipulated that, when the contract workers move from one unit to another, their insurance funds may also be transferred, with the number of years insured added up together.

2. We should adopt a wage policy based on distribution according to work and issue wage-like subsidies. The wages of contract workers should be paid in line with the principle of distribution according to work; the method of linking remuneration with the work performance of individual workers and the economic results of the enterprises should be applied in line with the principle of combining responsibility, authority, and benefit. In the probationary period, contract workers are usually paid according to the lowest grade of the standard wages of workers doing the same type of work in the same unit. If they pass the test after the probationary period is over, their wage scales are usually fixed at grade 2. Contract workers who take up the same work again after some time can be paid according to their original wage scales. However, if they take up different work, they should be paid one grade lower than their original wage scales in the probationary period and given new wage scales after the probationary period is over. Because the practice of the "iron rice bowl" is not adopted among contract workers, their insurance, welfare, and treatments are not, in certain respects, completely borne by the state as in the case of permanent workers. Therefore, it is necessary to use the method of issuing wage-like subsidies to make up for the difference in wages between contract and permanent workers. However, their bonuses, subsidies, health food, labor protection articles, and ration and price subsidies are the same as those of permanent workers doing the same type of work in the enterprises. Many contract workers said that since the enterprises treat them equally as permanent workers both politically and in welfare and carry out the principles of combining responsibility, authority, and benefit and of more pay for more work, they are ready to work as contract workers all their lives.

We should adopt a method of transferring contract workers from one area to another in order to stimulate the rational flow. With the gradual implementation of the labor contract system, some contract workers have to move from one city or county to another because of the need of production, work, or policy requirements, such as supporting key construction projects, transferring special technical workers, reuniting husband and wife living in different places, and moving work units. To rationally solve these problems and to facilitate the implementation of the labor contract system, on the basis of summing up the experience gained in Shaoguan city, the provincial Labor Bureau formulated in August last year the "Guangdong Provincial Regulations on the Flow of Contract Workers." It is stipulated that contract workers who, with justifiable reasons, ask to go to work in other places or to come to work in our cities and counties will, with the approval of the relevant labor and administrative departments and the units employing them, be allowed to go through the formalities of moving (not transferring) from one place to another. They may terminate the labor contracts with the original units and sign new ones with the new units and their credentials should

also be moved to the new labor service companies, social labor insurance companies, and other departments. The public security and grain departments will handle their residence registration and grain rations after receiving notices from the local labor and administration departments. In this way, we not only satisfy the rational demands of contract workers and stimulate the rational flow of workers and staff workers but also strengthen people's confidence in the labor contract system.

4. We should improve the management institutions and systems and gradually raise the level of management. It is explicitly stipulated in all parts of the province that the labor service company under the labor and administration department is responsible for the recruitment and employment of contract workers and for the management of contract workers before and after they are employed. It is also stipulated that the social labor insurance company is responsible for the social labor disputes between both parties to the contract, the provincial government has also decided that labor dispute arbitration institutions should be set up by the labor and administrative departments in various cities, prefectures, and counties. Meanwhile, all cities and counties in the province also administer contract workers through the "three manuals and one card" system. The "three manuals and one card" refers to the labor manual, the manual for taking out an insurance policy, the manual in which the unit employing contract workers registers the total number of workers, their wage scales, and the changes in the total wage among, and the social insurance card. They can serve as bases and records when contract workers sign or terminate labor contracts with the units employing them and when they enjoy various labor insurance treatments. In the course of introducing the labor contract system in our province, some problems have occurred: On the one hand, units employing contract workers are afraid that the workers will quit as soon as they have acquired the skills, thus affecting production and work; on the other hand, contract workers are afraid that they will be dismissed after working for some time, thus making life insecure. For this reason, it is stipulated in various localities that, in order to remove this misgiving, short-term contracts lasting 10 years and more may be signed according to the merits of each case. To ensure that both parties fulfill the contracts, some cities and prefectures also stipulate that after the labor contracts are signed, they should be submitted to the labor service company under the local labor and administrative department for the record. Moreover, they also explicitly stipulate the conditions under which enterprises may dismiss workers and under which workers may resign, as well as the responsibilities one should undertake for violating the contract, thus ensuring the legitimate rights and interests of both parties.

### III.

Our practice in the reform of the employment system over the past 6 years shows that the labor contract system is a new employment system suited to the development of socialized mass production and the planned socialist commodity economy. It represents a correct orientation of the reform of China's employment system. Although the labor contract system has not been implemented in our province for a long time, it has initially manifested its strong points.

1. It facilitates mutual choice between enterprises and laborers under certain conditions and stimulates the rational use and flow of the labor force. After the introduction of the labor contract system, enterprises may choose a suitable number and quality of laborers according to the need of production, and the laborers also have the right to choose work posts most suitable to their inclinations and special skills. Since workers and staff members can be hired or discharged, we can rectify the defect of various practices such as "unit ownership" of laborers and the practice of "determining one's lifelong career through one recruitment process." This new employment system can also bring about a rational combination of laborers and the means of production, invigorate enterprises, and improve their economic results.



The practice of some state enterprises with better economic results, particularly the enterprises in the special economic zones and the Chinese-foreign joint ventures, cooperative enterprises, and foreign-owned enterprises, shows: In their labor management, enterprises that have been invigorated through the introduction of the labor contract system can hire the necessary workers and dismiss the unnecessary ones; they can establish a relatively stable relationship with the workers and staff members by signing or renewing contracts and stimulate the rational flow of the labor force by terminating contracts, thus dialectically combining the stability and mobility of the labor force. Many plant directors said: The labor contract system has invigorated or revitalized our enterprises. We should carry it out unswervingly so that it can be constantly improved. Most contract workers and jobless youths also support the system. According to a recent survey among 300-odd contract workers and jobless youths in Guangzhou, some 90 percent of the people approve of the reform of the labor system. They said: "The labor contract system enables young people to choose jobs and thus ensures that they can apply what they have learned." Some contract workers also said: "The introduction of the labor contract system enables laborers and enterprises to condition each other and reflects the combination of responsibility, authority, and benefit."

2. It helps mobilize the initiative of workers and staff members for labor and heightens their sense of responsibility as masters. In Qingyuan's Jingkou cement plant, a new state enterprise, contract workers account for 70 percent of the total number of workers and staff members. By closely linking their immediate interests to the economic results of the enterprise and bringing into play their role as masters of the enterprise, they have made contribution to the vigorous development of the enterprise. After going into operation, the plant failed for a time to boost the sale of its products because the consumers were not sure about its produce quality. The contract workers were very much concerned about this. By offering advice and trying by every means to improve product quality they finally succeeded in finding a good market for their products. A number of production activists have emerged among the plant's contract workers, 84 of whom have become key members in the plant, work shops, teams, and groups.

3. It helps impel workers and staff members to acquire elementary education and to learn vocational work and technology and increase the professional competence of workers and staff members. It is stipulated in the labor contract system that, when recruiting workers, it is necessary to publicly assess their proficiency and to employ the superior ones and that, after recruitment, they should go through a probationary period of 3-6 months. During the probationary period, if the contract workers do not suit the need of production or work, the labor contracts may be terminated. After the probationary period is over, the wage scales of the workers should also be fixed through assessment. It is also stipulated that the wage scales of contract workers who take up jobs again after some time should be fixed again through assessment if their types of work or special lines are different. These stipulations have played a positive role in impelling most contract workers to study diligently, to perfect their skills, and to constantly raise their technical levels. For example, of the 3,000 contract workers in Guangzhou's China Grand Hotel, more than 1,500 are studying during their spare time or by correspondence in various types of schools; most of them have become skilled workers and several hundred have played a backbone role in professional work. In the past, some positions were taken up by senior staff members recruited from Hong Kong; now they are taken up by staff members from the mainland, who are doing very well in their work.

In an effort to carry out the labor contract system more satisfactorily and to constantly consolidate and improve it, on the basis of conscientiously summing up the experiences gained in the reform practice, our province is making further efforts to study and improve the relevant rules and regulations of the labor contract system.

SICHUAN'S YANG RUDAI ATTENDS JOURNALISM MEETING

HK130617 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 12 Sep 86

[Excerpts] Renovate the concept of journalism, carry out deepgoing reforms in journalism, and bring into full play the role of journalism in building the two civilizations: This was the central topic of the Sichuan journalism work conference, which concluded on 12 September. [passage omitted]

Yang Rudai, secretary of the provincial party committee, and Xu Chuan, member of the committee's Standing Committee and director of the Propaganda Department, spoke at the meeting. Comrade Yang Rudai expressed the hope that journalists will actively clear the way for reforms and opening up and sweep aside ideological obstacles to developing socialist commodity economy. [passage omitted]

The meeting held: We must change the one-sided and narrow understanding of guidance for journalism, and change simple guidance for work into guidance for both work and daily life and clarification in ideology. In propaganda and news reports, we must be vigilant against only paying attention to directives from above and neglecting to reflect the masses' cries and demands, and also the customary work method of looking for a basis and a precedent. We must establish the idea of seeking the truth from facts and serving the broad masses.

We must break down the concept that a party newspaper is not a proper place for contending and blooming, use the press to unfold contending and blooming, and strive to create an environment and atmosphere of unity, concord, democracy, equality, and consultation, so as to bring into full play the six roles of the media in publishing news, propagating ideology, imparting knowledge, providing entertainment, exchanging views, and pushing the sales of commodities.

The meeting demanded that, in accordance with the regulations of the provincial party committee document, the departments concerned take stock of and straighten out press units where management is chaotic and there are many problems.

SICHUAN'S CHONGQING INDUSTRIES SELL SHARES

OW151138 Beijing XINHUA in English 1034 GMT 15 Sep 86

[Text] Chongqing, September 15 (XINHUA) -- The city government of Chongqing, the largest city in northwest China, is testing whether it is possible to raise capital for factories by issuing shares. According to a city rural industry office official, 17,000 rural enterprises or 11 percent of the city's total have been set up through stock sales, which will be encouraged elsewhere if they prove to be successful.

Anyone can buy shares in the companies when they are offered, but at present, the shares cannot be traded. "Selling shares allows enterprises to raise money for technical renovation to become more efficient and up-to-date," he said.

One paperboard factory in Beipei on Chongqing's outskirts has been able to double its output and increase its annual net profit by 669,000 yuan (about 181,000 U.S. dollars) in two years by investing stockholders' capital in new production lines.

In the case of enterprises where shares are owned mainly by state or collectively-owned units, major stockholders can become members of the boards of directors, which select managers and set policy. As regards factories whose shares are owned exclusively by individual families, these are run on a cooperative basis without boards of directors, and major issues are solved through "democratic consultations", the official said. In both cases, he said, dividends fluctuate depending on economic performance.

#### SICHUAN CITIES REPORTED FORMING CAPITAL MARKETS

HK130615 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 12 Sep 86

[Text] According to SICHUAN RIBAO, the financial system in Chengdu City is actively setting up a capital market in a measured way, thereby raising and making available large amounts of capital. In order to change the capital regulatory setup and develop bank credit, the city people's bank and the specialized banks have established deposit and loan relations. The specialized banks have also raised capital for loans of all types by means of issuing bonds.

In July, the Chengdu City Industrial and Commercial Bank established a lateral financial facilities network with similar banks in nine prefectures and cities including Zigong and Dukou, thereby borrowing large amounts of capital at discount from outside the city. Discount borrowing is also flourishing between rural credit cooperatives and between the business departments of county joint cooperatives.

A Chengdu City discount bill acceptance market has also been set up. At present six units in the city have issued shares or bonds. Financial organs outside the banking system are being gradually established. Thanks to the gradual formation of the capital market, the capital shortage in the city's industry at the beginning of the year is gradually easing.

Chongqing City is actively setting up a capital market, including a discount borrowing market, a discount bill market, and a stock market. A new situation of adopting various means to mop up idle capital has formed. In the first half of the year, Chongqing City launched discount borrowing with other provinces and cities, borrowing at discount a large amount of capital from banks in Beijing and elsewhere. The specialized banks in Chongqing have taken advantage of the differences in time, space, and season in capital interest maturity to engage in discount borrowing between themselves.

#### SICHUAN RIBAO ON RURAL COMMODITY ECONOMY

HK110507 Chengdu SICHUAN RIBAO in Chinese 25 Aug 86 p 1

[Article by contributing commentator: "Rural Party Members Should Take the Lead in Developing the Commodity Economy and Getting Rich Through Hard Work -- On the Guiding Thought for Rural Party Building During the New Period"]

[Text] The one and only aim of the Communist Party of China is to wholeheartedly serve the people. Its loftiest ideal is the realization of communism. This will never change in the guiding thought for party building. But a different historical period should partake of different specific contents.



What then are the specific contents in the guiding thought for rural party building in the new period? This calls for serious study of what is now in the minds of peasants and what kind of guidance and services they want the party organization to provide.

Hosts of facts show that now and for a fairly long period of time to come, what is in the minds of the broad masses of peasants is often inseparable from the word "wealth." This means wealth of the people and thus prosperity and power of the state. How can we get rich as quickly as possible? This calls on us to help peasants in following the path to the commodity economy and getting rich through hard work, instead of adhering to the path of small production and the natural economy. Only the former is the concrete embodiment and the most effective way of our serving the people in the new period.

The development of a socialist commodity economy is an important part of our effort to build socialism with Chinese features and is a road to communism that must be taken. Only with the full development of the socialist commodity economy can we achieve the great development of social productivity in a relatively quick and satisfactory way and obtain an extremely great abundance of social material wealth, thus creating material conditions for the realization of the aim, "from each according to his ability, to each according to his work."

The peasants have acquired some idea of the socialist commodity economy in practice. They have realized that if the fruits of their labor are just enough to satisfy their consumption needs. Then only the problems of being fed and clad can be solved. If they can sell more commodities on the market, they can have more income and thus get rich relatively quickly. The specialized household operators who have emerged in the countryside are typical figures who have gotten rich through the development of the commodity economy. For example, they have produced a great effect on the broad masses of peasants. Now, the achievement of common prosperity through the development of the socialist commodity economy has actually become the urgent demand of the broad masses of peasants, the cry of the era, and an irresistible historical trend.

In such a new historical period, the broad masses of rural party members should take the lead in developing the commodity economy and in guiding the masses to wealth through hard work -- giving full play to their vanguard exemplary role in this respect. By so doing, the rural party members will inevitably become models imitated by the broad masses of peasants. By so doing, rural party branches will assert their role well as militant bastions on the new march toward the development of the commodity economy and the achievement of prosperity through hard work and become a hardcore force in unifying and leading the masses in a struggle for the realization of the main tasks and goals of the new period. On the other hand, if what the peasants want is to follow the road to the commodity economy and get rich through hard work while our rural party branches and party members still treat the beginning of the development of the commodity economy as spontaneous capitalist trends, then not only will we be unable to lead the masses in developing the socialist commodity economy to realize the goal of common prosperity but we will be hindering progress on the way to wealth acquired through hard work. Therefore, to strengthen rural party branch building and the ideological building of party members involves a problem of straightening out guiding thoughts. It is suggested that in the rural party rectification in the second half of this year, we should keep a tight grip on this problem without letting go -- subjecting every party branch and every party member to serious education with the object of overcoming the concept of small production and the natural economy and strengthening the concept of the commodity economy. On the road to our goal of taking the lead in getting rich through hard work and guiding the masses in achieving common prosperity, we must give full play to the vanguard exemplary role of party members and the militant role of party branches.

Given our country's several thousand years of feudal society, an especially deep influence has been left on the countryside. For a great number of years, the concept of small production and the natural economy remained the fundamental concept in the countryside. This left a very deep influence on our rural party members and cadres. Such a concept long hindered the development of the commodity economy. This has up to now remained a great obstacle to the emancipation of thinking. On the other hand, our traditional theory or viewpoint holds that the socialist economy is not the commodity economy. This had also produced a very deep effect on our thinking. Therefore, for a relatively long period of time after the founding of the PRC, despite the continuous appearance of beginnings and trends of the natural economy transforming into the commodity economy, we often treated them as spontaneous capitalist trends and repeatedly criticized them without allowing the transformation of the natural economy in the direction of the commodity economy.

Now, our party has achieved a great theoretical breakthrough as far as this problem is concerned. Various reform measures and economic policies are conducive to the development of the commodity economy, and help peasants get rich through hard work. Therefore, this has won wholehearted support from the peasants. But there is still a problem of lingering fears among the peasants. They fear that policy may change and that they may not be allowed to get involved with the commodity economy and get rich through hard work. Under these circumstances, there is all the greater need for rural party members to take the lead in developing the commodity economy and be the vanguards in the large army of those who get rich through hard work. On such a new expedition, there is especially the need for rural party branches to play the role of militant bastions.

Of course, in handling the commodity economy, Communist Party members must make a point of drawing a clear line of distinction where some fundamental policies are concerned. For example, a clear line of distinction must be drawn between the socialist commodity economy and the capitalist commodity economy. It must be made clear that the development of a planned commodity economy is aimed at continuously satisfying the ever growing needs of people's material and cultural life. It is not a case of serving our own ends at the expense of others. Still less is it a case of getting what we want by hook or by crook. We must also draw a line of distinction between the development of the commodity economy and the matter of "putting money first" and "putting personal interests first." It must be made clear that in carrying out commodity economy-related activities, Communist Party members be not only mindful of economic results but also pay attention to social benefits. They cannot be concerned with only individual income and disregard party members' morality.

#### XIZANG'S WU JINGHUA ANALYZES REGION'S SITUATION

HK121416 Lhasa Xizang Regional Service in Mandarin 1130 GMT 11 Sep 86

[Text] On the morning of 11 September, the regional party committee held a meeting of cadres from the new and old leading groups of all prefectures and cities, and cadres at and above prefectural level in regional organs. The participants listened to an important speech by regional party committee Secretary Wu Jinghua on several problems in the region's work. Comrade Wu Jinghua stressed that the party has assigned us, cadres at all levels, to work in Xizang, a land of 1.2 million square meters. We must rely on the CPC Central Committee and serve the people, always remember the great expectations the CPC Central Committee and the two million Xizang people have of us, work conscientiously, and develop the party's cause in a down-to-earth manner. He expressed the hope that comrades of the new leading groups: Adhere to seeking truth from facts; love and serve the people; have courage and insight; blaze new trails; and create a new situation in all prefectures and cities.

In his speech Comrade Wu Jinghua first analyzed the region's current situation and tasks. He said: Xizang has a huge superstructure and a weak economic foundation. The two are unsuited to each other. This is a prominent contradiction in Xizang's development. The huge superstructure must be simplified and the weak economic foundation must be strengthened. We must lay a good foundation. With a weak foundation, it is impossible to make rapid development. This is an important experience gained by the country and advanced provinces and regions over the past few years in their economic take-off.

Comrade Wu Jinghua pointed out that in the 30-odd years since the peaceful liberation of Xizang, the region has achieved great results in all fields and laid a foundation. However, due to the influence of leftist ideas and the long-standing economic structure involving the supply system and the practice of eating from the same big pot, much of our work has been divorced from Xizang's reality, causing a serious sequelae to our society. Cadres have paid more attention to eradicating the influence of leftist ideas, but strenuous efforts need to be made in order to truly correct our ideological line. Although we began to realize the economic structure of egalitarianism and eating from the same big pot, we have not yet thoroughly reformed the structure. We must have a clear understanding about this. We must do solid basic work to usher in the rapid development of economic and cultural construction in Xizang. Then Comrade Wu Jinghua expounded on several important issues presently in the region.

On reform of the political structure and the replacement of old cadres by new ones, Comrade Wu Jinghua said that resolutely carrying out reform of the economic and political structure and strengthening the building of spiritual civilization focusing on economic construction, is the general planning for China's socialist modernization. We must think about and arrange Xizang's work in accordance with the general planning for the whole country and party. What is gratifying to us is that we have moved ahead of other provinces and regions in reform of the political structure and have been fully affirmed by the CPC Central Committee. After the regional plan for structural reform has been formulated, we will immediately study the problem of strengthening the building of grass-roots political power. This is an important link in our basic work as a whole, as well as one of the urgent tasks confronting members of new leading groups of all prefectures and cities.

On ideological and theoretical construction, Comrade Wu Jinghua said that seeking truth from facts and doing everything in accordance with reality are the aims that we have stressed repeatedly for correcting our ideological line. There are problems at two levels. First, can we have a correct understanding of the reality in our own departments and areas? Second, If we have a correct understanding or have a correct understanding on the whole, dare we formulate and implement policies according to the reality? We must seriously sum up previous experiences and draw lessons from the past, when we dared not and did not know how to do everything in accordance with Xizang's reality, and truly correct our ideological line.

On the problem of religion, Comrade Wu Jinghua stressed that the patriotic personages in religious circles and religious believers have acted in unison with us on the essential issues of safeguarding the unification of the motherland, developing Xizang's economy, and building the socialist motherland. Therefore, those who profess a religion and those who do not not profess a religion, those who believe in Marxism and those who do not believe in Marxism, must unite with each other and form mighty contingents to jointly build a united, rich, and civilized new Xizang. On the problem of religion, we must not only oppose leftism, but also avoid rightism. We should neither try to do things which can only be done in the remote future, nor should we ignore religion and let it develop spontaneously without paying attention to it.



Comrade Dangzin, deputy secretary of the regional party committee, also spoke at the meeting. He demanded that leading comrades of all regional departments, bureaus, offices, and commissions stand fast at their posts. Regardless of their future assignments, they must, with a strong sense of political responsibility and in a serious and responsible spirit, strengthen political and ideological work and carry out all work in a down-to-earth manner.

PU CHAOZHU SPEAKS AT YUNNAN WORK CONFERENCE

HK121432 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 11 Sep 86

[Text] The Yunnan Provincial CPC Committee's work conference opened in Kunming today. This conference will mainly discuss the guiding ideology and overall arrangements for provincial rural work this winter and next spring, and stress the study of and arrangements for party rectification work in rural areas throughout the province.

A plenary meeting was held this morning, which was presided over by He Zhiqiang, deputy secretary of the provincial party committee and addressed by Pu Chaozhu, secretary of the provincial party committee. He talked about five aspects of work: 1) The guiding ideology for rural work this winter and next spring; 2) doing rural party rectification properly; 3) penetratingly carrying out reform, developing the commodity economy, and raising the work of increasing incomes and becoming rich to a new plane; 4) strengthening the building of spiritual civilization, doing well in establishing professional ethics, and correcting the unhealthy trends in trades; 5) and strengthening leadership.

Pu Chaozhu put forward: The guiding ideology in rural work this coming winter and spring is to regard party rectification as the motivating force and the development of the rural economy as the center; to strengthen the building of spiritual civilization; to do well in establishing professional ethics; to make rural party rectification -- the main line -- run through all aspects of work and all tasks so as to melt them into one body and promote each other; to create a new situation in building two civilizations; to do all aspects of work better than this year; and to score greater achievements. He demanded that the conference must conduct discussions centered on this main subject.

Attending this provincial party committee's work conference are secretaries of all prefectural, autonomous prefectural, city and county party committees and city Discipline Inspection Commissions; secretaries of CYL Committees; directors of Party Rectification Offices; Principal responsible persons of all departments and commissions of the provincial party committee and the party committees and party groups of all commissions, offices, and bureaus of state organs at the provincial level. Leading comrades of the provincial party committee Standing Committee, provincial Advisory Commission, and provincial Discipline Inspection Commission; and party member leading comrades of the provincial People's Congress, provincial government, and provincial CPPCC Committee are also attending the conference. Responsible comrades from the general office of the Central Commission for Guiding Party Rectification are also attending the conference. Responsible persons of all departments, commissions, offices, and persons of all people's organizations; and some retired veteran party member cadres attended today's conference.

NINGXIA CONGRESS STANDING COMMITTEE CLOSES

HK150253 Yingchuan NINGXIA RIBAO in Chinese 29 Aug 86 p 1

[Report: "18th Session of 5th Ningxia Regional Congress Standing Committee Concludes"]

[Text] Having gone through all items of the agenda, the 19th meeting of the 5th regional People's Congress Standing Committee closed in Yingchuan on the afternoon of 28 August.

Ma Qingnian, chairman of the regional People's Congress Standing Committee, presided over the plenary session held on the afternoon of 28 August. Present at the session were vice chairman of the regional People's Congress Standing Committee Ma Youde, Ding Yimin, Guo Wenju, Liang Feibiao, and Feng Mao.

The session adopted the "Interim Regulations on Planned Parenthood for Ningxia Hui Autonomous Region," the "Regulations on Administration of Food Hygiene for County Fair Trade of Ningxia Hui Autonomous Region," the Resolution of the regional People's Congress Standing Committee on Strengthening the Auditing Work, and some personnel appointments and removals.

Ma Youde, vice chairman of the regional People's Congress Standing Committee addressed the meeting before it closed. Talking about the economic, financial, and auditing work, he emphatically pointed out: Listening to, examining, and approving economic plans, as well as reports on the implementation of the budget, is an important part of the functions of the People's Congress Standing Committee in supervising the operation of the government that is stipulated by the law. The people's governments and their subordinate departments concerned at all levels must enhance their sense of legal system, act according to law, and strictly implement the 1986 plan for economic and social development and the 1986 budget approved by the People's Congress. When a government at a certain level needs to effect any substantial change or readjustment of the plan and the budget, it is required to report to the People's Congress Standing Committee at the same level, so as to give full play to the supervisory role of the organ of state power.

Present at the meeting as observers were regional government vice chairmen Ma Yingliang and Ma Tengai; the responsible persons of the regional Higher People's Court and People's Procuratorate; the responsible people of all the committees and offices under the regional People's Congress Standing Committee, all the departments concerned of the regional people's government, and the Standing Committees of all the city and county People's Congresses; and the comrades who are in charge of liaison with the People's Congress from Yinnan and Guyuan Prefectures.

EX-SHAANXI PARTY SECRETARY ARRESTED FOR CORRUPTION

OW150840 Beijing XINHUA in English 0734 GMT 15 Sep 86

[Text] Beijing, September 15 (XINHUA) -- Li Jiying, a former deputy to the National People's Congress and party secretary of a Shaanxi province village, has been arrested for torturing local residents. He has also been expelled from the party and, in accordance with China's Law of Electoral Procedures, from the National People's Congress. According to a recent central party Discipline Inspection Commission circular, Li, 47, was also charged with earning 18,000 yuan (4,860 U.S. dollars) from illegal transactions involving three jeeps.

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Secretary of the party branch committee in Hengshan Village, Dingxiang County, Li, as a farmer, had won recognition as a national model worker.

Li has been charged with illegally detaining 72 villagers in 1984, whom he suspected might have been involved in the theft of a peace of his bicycle bell. He ordered 17 of them tortured and forced 28 to pay fines totaling 1,100 yuan (297 dollars) to cover the cost of the guards during their imprisonment, which in some cases lasted as long as eight days.

"Li has committed severe crimes, seriously undermining the relationship between the party and the people," the circular said. "As a party member and National People's Congress deputy, he should have been a model to others by upholding the law and educating people about it."

The case shows it is "urgent that all party members and government officials act lawfully," said the circular. "Some of the corrupt actions and working methods within the party smack of feudalism, with people lording their powers over others." The circular called on party members "to study the law and follow it conscientiously" and warned officials they would be punished for retaliating against anyone who reports corruption. "Before the law, everyone is equal," it said.

#### SHAANXI LEADER ON VILLAGE PARTY RECTIFICATION

HK150249 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 15 Sep 86

[Excerpts] Shaanxi is about to launch village-level party rectification throughout the province. At a party rectification work conference convened by the provincial party committee, which opened yesterday, Li Xipu, head of the committee's group for guiding party rectification, made an important speech on doing a good job in village-level party rectification. Calling on party organizations at all levels to strengthen leadership over this work, he said: Village-level party rectification is the main task in the rural areas in the coming winter. The party committees at all levels, especially the county committees, must do their work in a creative way and truly get a thoroughly good grasp of village-level rectification.

He pointed out that there are four main tasks in village-level party rectification: 1) Seriously conduct education in party spirit and strive to enhance the party members' understanding of the party's fundamental program and their spontaneity in leading the peasant masses to extricate themselves from poverty and get rich. 2) Conduct deep-going education in reform and in developing commodity economy and further enhance the party members' understanding of the party's rural principles and policies. 3) Seriously investigate and study serious abuses of power and violations of law and discipline by party-member cadres, and deal seriously with a very small number of party members who have made serious mistakes. 4) Do a good job in building the leadership groups of the village party branches and change the soft, loose, and paralyzed situation of some of them.

The focus in these four tasks is on resolving serious abuses of power and violation of law and discipline by village-level party-member cadres. Li Xipu stressed: All localities should proceed from their actual conditions and decide in a truth-seeking way on the focal points in village-level party rectification. [passage omitted]

In the course of village-level party rectification, it is necessary to do a good job in party recruitment work, and bring into the party a number of young people of a certain educational standard. [passage omitted]



HONG KONG

XINHUA OFFICIAL CLARIFIES REMARKS ON ELECTIONS

HK130510 Hong Kong SOUTH CHINA MORNING POST in English 13 Sep 86 p 1

[By Matthew Leung]

[Text] China's chief representative in Hong Kong said yesterday China will support direct elections after 1997, not in two years' time as previously reported.

Mr Xu Jiataun, director of the Hong Kong branch of the NEW CHINA NEWS AGENCY, said he was misunderstood by reporters on Thursday.

The SOUTH CHINA MORNING POST and several other newspapers yesterday quoted Mr Xu as having said China would not be against direct elections in Hong Kong by 1988.

But yesterday, speaking after an opening ceremony of the first-ever nuclear technology exhibition in Hong Kong in Tsim Sha Tsui, Mr Xu said:

"This is not what I meant." He said a reporter asked him to comment on reports that Britain planned to introduce direct elections by 1988.

"I said it is a matter for British Government. We have no comment to make.

"When asked on China's attitude to direct elections, I said it is what the future Basic Law has to tackle. Basic Law drafters are now considering whether we should have direct elections after 1997.

"I said if Hong Kong people share a consensus that direct elections to the legislature should be introduced, China will consider it.

"But what I meant is after 1997."

On the Daya Bay nuclear project, Mr Xu does not accept there is a crisis of confidence in the territory.

"I would say there is a general lack of understanding on the project which led to some anxiety," he said.

This attitude is understandable, he said, but he believes it would gradually disappear if people had more understanding of the project.

Mr Xu said the Legislative Council delegation to Beijing next week would not participate in the contract signing ceremony for the Daya Bay project, which is scheduled in 10 days' time.

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He said China had not invited them to participate.

Meanwhile, China is understood to be actively considering setting up a monitoring group comprising Hong Kong residents.

The current thinking is to establish a "Shenzhen-Hong Kong Consultative Committee" which would be made up of representatives from the two sides of the border.

XINHUA OFFICE 'KILLS' ITEM ON NUCLEAR CONTRACT

HK151305 Beijing XINHUA Hong Kong Service in Chinese 1159 GMT 15 Sep 86

[Beijing XINHUA Hong Kong Service in Chinese at 1205 GMT on 15 September transmits a service message from the chief editor of XINHUA's Hong Kong Branch to the attention of "Various Hong Kong Newspapers" killing the following item; no reason was given]

[Text] Hong Kong, 15 Sep (XINHUA) -- On 15 September, at the office of the Guangdong Nuclear Power Joint Venture Corporation in Shenzhen, the Guangdong Nuclear Power Joint Venture Corporation, the Guangdong Power Supply Engineering Company [guang dong dian li gong cheng zong gong si -- 1639 2639 7193 0500 1562 4453 4920 0361 0674], the Guangdong Nuclear Power Investment Company Limited [guang dong he dian tou zi you xian gong si -- 1639 2639 2702 7193 2121 6327 2589 7098 0361 0674], the Hong Kong Nuclear Power Investment Company Limited [xiang gang he dian tou zi you xian gong si -- 7449 3263 2702 7193 2121 6327 2589 7098 0361 0674], and China Light and Power signed a contract for connecting nuclear power supply and transformation networks. Representatives of these companies were present at the signing ceremony.

This contract specifies the design of the joint-network systems and the signatories' operational responsibilities, and it was signed as a requirement of the joint-operation contract signed in early 1985.

BOTHA NOTES S. AFRICA'S GAINS FROM SANCTIONS

HK130408 Hong Kong HONGKONG STANDARD in English 13 Sep 86 p 2

[Text] Defiantly stating that South Africa has "gained a lot" as a result of economic sanctions imposed in the United States and Europe, Foreign Minister Roelof (Pik) Botha said yesterday that his country is now looking to the Far East for new markets.

Speaking at a news conference following his lunch for 150 local businessmen, Mr Botha said the gains came from doubling trade with other African countries, increasing internal trade and opening new markets.

"My government has decided that we must make an effort to diversify trade. It is a fact that countries in the Far East are becoming very prosperous," Mr Botha said. The Foreign Minister came to Hong Kong on Thursday from Taipei, where it is believed he also discussed trade issues.

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Asked if his Asian trip was in response to closing markets in Europe and America, Mr Botha asked: "Why should we buy from Europe and America if we can buy from countries in the Far East the same products which may even be of a higher quality?" He denied that his trip could be construed as "an admission of defeat."

At present, according to Hong Kong Government figures, the trade balance is in South Africa's favour. In 1985 Hong Kong imported \$2.3 billion worth of goods from South Africa but exported only \$730 million worth of manufactured products.

Mr Botha said that South Africa is a trading nation and thus would "trade with the Soviet Union and with Beijing." Mr Botha added: "We do not believe that ideological differences ought to interfere with trade."

He said that as "Hong Kong's welfare and economy is based on free competition and on the liberation of trade as far as possible" the territory should not participate in a sanctions movement.

The Foreign Minister refused to give any specifics about the talks held during his Asian visit.

He also said that he had no details about a Chinese girl in South Africa who reportedly was denied access to school recently.

Asked about the general condition of the Chinese community in South Africa, Mr Botha said it "is a fine and respected community." He added, "they have contributed in a magnificent way" to the economy.



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